

no record on this issue; but it is not possible with Smith, who has both views and record. Unless the party is prepared to adopt a platform and provide a running mate in sympathy with its leader, it might as well throw up the sponge. "If," as one newspaper says, "they are not going to follow him it is absurd to nominate him." A hybrid ticket on a pussyfooting platform will hardly make an effective appeal. If you run in both directions, you never arrive.

#### DONATION OF BRONZE CANNON TO CHARLESTON, S. C.

Mr. SHEPPARD. From the Committee on Military Affairs, I report back favorably without amendment the bill (H. R. 6492) to authorize the Secretary of War to donate to the city of Charleston, S. C., a certain bronze cannon, and I submit a report (No. 1001) thereon. I call the attention of the Senator from South Carolina [Mr. BLEASE] to the report.

Mr. BLEASE. I ask unanimous consent for the present consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and it was read, as follows:

*Be it enacted, etc.,* That the Secretary of War is authorized and directed to donate, without expense to the United States, to the city of Charleston, S. C., a smoothbore, muzzle-loading, bronze field gun, No. 124, captured from the Confederate forces, and now in the Watervliet Arsenal, Watervliet, N. Y.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### TAX REDUCTION

Mr. CURTIS. Mr. President, I ask that the revenue bill be laid before the Senate.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, provide revenue, and for other purposes.

#### EXECUTIVE SESSION

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened.

#### RECESS

Mr. CURTIS. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock and 25 minutes p. m.) took a recess until to-morrow, Saturday, May 5, 1928, at 12 o'clock meridian.

#### NOMINATIONS

*Executive nominations received by the Senate April 4 (legislative day of April 3), 1928*

##### MEMBER OF UNITED STATES CUSTOMS COURT

Genevieve R. Cline, of Cleveland, Ohio, to be a member of the United States Customs Court, in place of Hon. William C. Adamson, retired.

##### APPOINTMENTS IN THE REGULAR ARMY

Capt. George Edward Kraul to be a captain of Infantry, with rank from July 1, 1920.

(NOTE.—The nominee is now a captain of Infantry, with rank from November 25, 1920. This message is submitted for the purpose of correcting an error in his date of rank.)

##### MEDICAL ADMINISTRATIVE CORPS

##### To be second lieutenants

Staff Sergt. Omer Antonio Couture, Medical Department, with rank from April 30, 1928.

Staff Sergt. Edward James Gearin, Medical Department, with rank from April 30, 1928.

Staff Sergt. Ralph Beveridge Robinson, Medical Department, with rank from April 30, 1928.

##### APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

##### JUDGE ADVOCATE GENERAL'S DEPARTMENT

Capt. Ernest Hill Burt, Infantry (detailed in Judge Advocate General's Department), with rank from July 20, 1918.

Capt. John Fulton Reynolds Scott, Cavalry (detailed in Judge Advocate General's Department), with rank from July 1, 1920.

Capt. Frank Eugene Shaw, Infantry (detailed in Judge Advocate General's Department), with rank from July 1, 1920.

Capt. Clarence Charles Fenn, Infantry (detailed in Judge Advocate General's Department), with rank from July 1, 1920.

##### PROMOTIONS IN THE REGULAR ARMY

##### To be captain

First Lieut. Mahlon Milton Read, Coast Artillery Corps, from April 27, 1928.

##### To be first lieutenants

Second Lieut. William Augustus Davis Thomas, Field Artillery, from April 27, 1928.

Second Lieut. Eugene Lynch Harrison, Cavalry, from April 27, 1928.

##### PROMOTIONS IN THE NAVY

Lieut. Benjamin F. Staud to be a lieutenant commander in the Navy from the 2d day of October, 1927.

Lieut. (Junior Grade) Carl H. Reynolds, jr., to be a lieutenant in the Navy from the 16th day of November, 1926.

The following-named acting chaplains to be chaplains in the Navy, with the rank of lieutenant, from the 2d day of June, 1927:

William H. Rafferty.

John E. Johnson.

The following-named acting chaplains to be chaplains in the Navy, with the rank of lieutenant, from the 1st day of July, 1927:

Joseph E. McNamamy.

Charles A. Dittmar.

Homer G. Glunt.

Emerson G. Hangen.

Edward J. Robbins.

Boatswain George P. Childs to be a chief boatswain in the Navy, to rank with but after ensign, from the 5th day of August, 1926.

The following-named pay clerks to be chief pay clerks in the Navy, to rank with but after ensign, from the 3d day of December, 1927:

Andrew E. King.

Chester W. Utterback.

Rufus Hendon.

Wilburn Bates.

Fred Robinson.

##### CONFIRMATIONS

*Executive nominations confirmed by the Senate May 4 (legislative day of May 3), 1928*

##### PROMOTIONS IN THE NAVY

##### To be lieutenant commanders

Herbert B. Knowles.

Stanwix G. Mayfield, jr.

##### To be lieutenants

Clement R. Baume.

Henry T. Wray.

##### To be lieutenants (junior grade)

Louis D. Sharp, jr.

Charles M. E. Hoffman.

Edward P. Creehan.

##### To be surgeon

Frederick W. Muller.

##### To be chief pay clerks

Charles G. Crumbaker, jr.

Stanley B. McCune.

John K. Chisholm.

Henry L. Greenough.

Arthur L. Sullivan.

Chastine A. Murray.

##### IN THE MARINE CORPS

##### To be captains

Hal N. Potter.

Robert C. Kilmartin, jr.

Oliver T. Francis.

Edward A. Craig.

Edward A. Fellowes.

Lester A. Dessez.

##### To be first lieutenants

Shelton C. Zern.

Richard M. Cutts, jr.

John E. Curry.

Frank D. Weir.

##### POSTMASTERS

##### IOWA

Melvin V. Smith, Akron.

Claude M. Sullivan, Cherokee.

Orpha M. Bloomer, Havelock.

Wilbert W. Clover, Lohrville.

Celia T. Green, Mystic.

Loys E. Couch, Newell.

##### MARYLAND

Samantha E. Wilson, Mardela Springs.

##### PENNSYLVANIA

Wade M. Henderson, Brookville.

Laura M. Peacock, Houston.

##### WEST VIRGINIA

Robert S. Hornor, Bridgeport.

## HOUSE OF REPRESENTATIVES

FRIDAY, May 4, 1928

The House met at 12 o'clock noon.

Rev. John Compton Ball, pastor of the Metropolitan Baptist Church, Washington, D. C., offered the following prayer:

Almighty and everlasting God, when we consider the heavens, the work of Thy fingers, the moon and the stars, which Thou hast ordained, what are we that Thou art mindful of us and that Thou shouldst visit us? And then we read that Thou hast made us but a little lower than Thyself and hast crowned us with glory and honor—glory in that we bear Thy divine image, honor in that we think Thy thoughts after Thee. For this we thank Thee; and with such knowledge in our hearts and on our lips, we pray that Thou wouldst bless us with Thy wisdom, so that in all the deliberations of this day we may express the thought and interpret the will of the living God. May the words of our mouths and the meditations of our hearts be acceptable in Thy sight, O Lord, our strength and our Redeemer. For Jesus' sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 8229. An act for the appointment of an additional circuit judge for the sixth judicial circuit;

H. R. 10536. An act granting six months' pay to Anita W. Dyer; and

H. R. 12733. An act to authorize the refund of certain taxes on distilled spirits.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 3594. An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes; and

S. 1727. An act to amend the act entitled "An act to amend the act entitled 'An act for the retirement of employees in the classified civil service, and for other purposes,' approved May 22, 1920, and acts in amendment thereof," approved July 3, 1926, as amended.

## AMERICAN MERCHANT MARINE

Mr. RAMSEYER. Mr. Speaker, I call up House Resolution 175, a privileged resolution from the Committee on Rules.

The SPEAKER. The gentleman from Iowa calls up a resolution, which the Clerk will report.

The Clerk read as follows:

## House Resolution 175

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 744, entitled "An act to further develop an American merchant marine, to assure its permanence in the transportation of the foreign trade of the United States, and for other purposes." That after general debate, which shall be confined to the bill and which shall continue not to exceed four hours, the time to be equally divided and controlled by those favoring and those opposing the bill, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of the point of order as provided in clause 7 of Rule XVI the substitute committee amendment recommended by the Committee on the Merchant Marine and Fisheries now in the bill, and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the committee shall rise and report the bill to the House with the committee substitute, as amended, and the previous question shall be considered as ordered on the bill and committee substitute thereto to final passage without intervening motion except one motion to recommit.

Mr. RAMSEYER. Mr. Speaker, this resolution makes in order the consideration of Senate bill 744, which passed that body and then was referred to the House Committee on the Merchant Marine and Fisheries. That committee, after considering the Senate bill, struck out all of the Senate bill after the enacting clause and substituted an entirely new bill. The Senate bill covers less than three pages while the House bill covers 22 pages. The bill as reported out by that committee is a comprehensive bill.

The rule is in the usual form. It provides for general debate not to exceed four hours, the debate to be on the bill, half the time to be controlled by those in favor of the bill

and half by those opposed to the bill. The Senate bill, 744, was reported by the Committee on the Merchant Marine and Fisheries without opposition, and this resolution comes from the Committee on Rules with a unanimous report.

The rule further provides that:

It shall be in order to consider without the intervention of the point of order as provided in clause 7 of Rule XVI the substitute committee amendment recommended by the Committee on the Merchant Marine and Fisheries now in the bill, and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill.

But for that rule you could only consider the House provisions as one amendment to the Senate bill. The rule makes it in order to take up the committee substitute to be read section by section under the five-minute rule, with the right to offer amendments to each section as it is reached for consideration.

Then there is another thing. Some of the House provisions may not be germane to the Senate provisions, and that is the reason why for the provision of the rule relative to clause 7 of Rule XVI, which reads:

And no motion or proposition on a subject different from that under consideration shall be admitted under color of amendment.

So that if there should be any provision in the House bill not germane to the provisions of the Senate bill a point of order against such provision on the ground of germaneness would not lie.

Mr. Speaker, I yield to the gentleman from North Carolina [Mr. POU] such time as he desires to use.

Mr. POU. Mr. Speaker, this was a unanimous report from the Committee on Rules. There is no controversy with respect to the rule. The ranking minority member of the Committee on the Merchant Marine and Fisheries came before the Committee on Rules and joined in the request for this rule.

Mr. RAMSEYER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. WHITE of Maine. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of Senate bill 744 to further develop an American merchant marine, to assure its permanence in the transportation of the foreign trade of the United States, and for other purposes. Pending that motion, I would like to inquire about the control of the time. The rule provides that the time shall be controlled by those in favor and by those opposed to the bill. So far as my knowledge goes there is no Member who is opposed to the bill. There is no member of the committee opposed to the bill, and I know of no Member of the House who desires to control the time in opposition. I therefore ask unanimous consent that the time may be equally controlled by myself and the gentleman from Tennessee [Mr. DAVIS], the ranking minority member of the committee, with the understanding we will yield equally to those who may be opposed to the bill.

The SPEAKER. The gentleman from Maine moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 744 and pending that motion asks unanimous consent that the time may be equally divided between himself and the gentleman from Tennessee. Is there objection?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 744, with Mr. CRAMTON in the chair.

The Clerk read the title of the bill.

Mr. WHITE of Maine. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. WHITE of Maine. Mr. Chairman and members of the committee, I will undertake in the first instance to briefly describe the situation in which we find ourselves with respect to our merchant marine, and to make reference to some of the tendencies which ought to engage our serious consideration. I will then, time permitting, go through the bill somewhat in detail, explaining to the Members of the House the particular provisions of the bill and indicating what we of the committee hope to result from its passage.

A merchant marine of adequate size and of proper types of vessels assures to the country possessing the same commercial independence and national security. America must have both.



So long as the productive capacity of our farms and factories, our forests and mines, exceeds the needs of our people, this Nation's well-being is dependent upon sea transportation, for an unsold exportable surplus leads inevitably to curtailment in business activity, to agricultural depression, to unemployment, and to all the misfortunes incident to such conditions. We produce one-half more cotton than we use, one-third more wheat and pork, and 15 per cent more of manufactured products. These excesses and others over our domestic needs must be sold and delivered abroad, and it is ships alone which can make this necessary delivery.

The value of our exports for the calendar year 1926 totaled \$4,809,000,000. These goods sold abroad assured American industry a substantial degree of prosperity. Unsold, they would have brought deflation, stagnation, idleness, privation.

During the calendar year 1926, 33 countries participated in the carriage of our foreign trade. There were 58,500 entrances and clearances of vessels carrying more than 112,800,000 cargo tons, upon which the freight bill approximated \$728,000,000.

Of this total volume of trade, vessels of American registry carried about 34 per cent and this 34 per cent in volume was almost exactly 34 per cent in value. We paid, therefore, to foreign vessels not far from \$500,000,000 for the carriage of goods sold or bought by us. This was tribute paid to foreign interests for a service which American ships in large measure should have rendered.

Of equal importance with the present facts as to our participation in this ocean trade are the tendencies with respect to such trade. The decline in the percentage of goods carried in American ships has been marked and is of sinister significance. In 1921 American vessels carried 51 per cent of our exports and imports. In 1923 this proportion had dropped to 44 per cent, in 1925 to 40 per cent, and in 1926 to 34 per cent, and the percentage for the last year is even less. While these losses were taking place in the tonnage carried by American ships, the aggregate tonnage carried by foreign ships correspondingly increased, moving from 49 per cent in 1921 to 66 per cent in 1926. Of 59 principal ports of the United States through which moved inbound and outbound foreign cargo tonnage, the percentage carried in foreign vessels increased in 47 of the 59 ports between 1921 and 1926. This distribution of foreign shipping activity indicates the extent of the competition to which American vessels are subjected and the increase in the tonnage carried on foreign ships demonstrates the effectiveness of this competition.

The tragedy of American shipping is further emphasized by the facts with respect to shipbuilding. It is a lamentable truth that there has been a continuous decline in this industry in the United States since 1921. Of vessels of seagoing size built in the world between January 1, 1922, and August 15, 1927, amounting to 7,900,847 tons, only 309,264 tons were built in the United States. Of 1,034 vessels constituting this tonnage only 41 were built in the United States, and of 307 motor ships included in this total only 2 were built in the United States. Great Britain built 14 times as many as the United States. Since 1921 not a single ship has been built in the United States for the overseas trade, but of 4,085 foreign ships more than 20 per cent have been built within the last six years.

At the end of 1927, 3 1/4 per cent of the tonnage under construction in the world was building in our country, the lowest at any time in more than 35 years, but at the end of March, 1928, our percentage had shrunk to 2 per cent, about 58 per cent lower than at end of 1927. The United States as of this latter date ranked tenth among the nations of the world in shipbuilding. These shipbuilding figures tell their story as to the character of the present fleet of vessels under the American flag, of the condition of our yards, and they have another important bearing. With the disappearance of our yards and the absence of work we lose the physical capacity to build ships, and of equal importance, the technical staff essential for this highly specialized industry. Years of training and of experience is necessary to design the hull of a first-class passenger or naval vessel, but designing of machinery involves even greater complications. Because of a want of shipbuilding work in this country, our technical men are disappearing. The technical employees in our yards to-day are but one-quarter the number of 1916.

The first modern battleship built in the United States was the *Texas*. She was built at Norfolk Navy Yard, but her designs were purchased from an Englishman because the United States had not at that time the experience to build such a ship. Ten more years like the last will bring us to a like condition, subject us to the same humiliation and danger.

This want of shipbuilding within the United States has permitted foreign nations to outstrip us in the construction of new and modern vessels. Constant replacements are necessary if a fleet is to be maintained to the highest point of efficiency, and vessels built must be of the modern type. Speed in later years

has become increasingly important. An analysis of the figures shows that of the seagoing vessels of the principal maritime nations Great Britain has 886 built within five years, Germany has 180 built within this time, and the United States but 84. Japan, Italy, and France have slightly less in numbers than the United States but the tonnage of the new vessels of France and of Italy exceed substantially the tonnage of the 84 United States vessels built during these years. Of recent construction Great Britain has ten times the number of ships of the United States, and Germany has twice as many modern ships as fly our flag. Considered with reference to speed, Great Britain has 1,039 seagoing vessels with a speed in excess of 12 knots. The United States has but 180 such vessels. Of 16 knots speed and above, Great Britain has 158; we have 51.

The figures heretofore given painfully illustrate the part taken by American ships in American trade and the facts with respect to modern-built ships of the higher speeds clearly indicate that we shall lose further ground and become independent in still greater degree upon foreign ships unless we take prompt and vigorous action in behalf of our marine.

In studying the problem and in endeavoring to find a solution, we are confronted with the problem of cost and operating differentials against the American ship, and with the fact, which adds to our difficulties, that American vessels engaged in our foreign trade are in part governmentally owned and operated and in part are under private ownership and operation. Both of these conditions must be considered and must be dealt with.

As of January 1, 1928, there were 541 passenger and general cargo vessels in our foreign trade, of which number 300 were owned by the Government. There is complete agreement that until the services maintained by these ships may be taken over and maintained by private enterprise we should continue Government vessels therein. The continuance of the Government in these enterprises, however, involves more than is usually recognized. The vessels of the Shipping Board have lived half their efficient life and continued governmental operation requires the immediate beginnings of a replacement program of vast proportions. The replacement of the vessels in operation by the Government at the date of its last annual report with new cargo vessels of 14 knots speed calls for a capital expenditure of \$525,000,000. This means if the replacement is completed by 1940, with the last appropriation made available in 1938, an average annual expenditure of \$52,500,000, and to this expenditure there must be added if we are to clearly appraise the cost of such an undertaking to the people, the operating losses by the Government during the intervening years. Figuring these losses at \$15,000,000 a year, there would be added the further sum of \$150,000,000, making a total expenditure on account of governmental operations during the years to 1940 of \$675,000,000.

There is talk of maintaining ourselves upon the sea and building our fleet to the size and efficiency demanded by the American people through governmental operation. This bill proceeds upon the theory that there are certain essential services which can not be profitably operated by private companies under present conditions, which in the public interest should be maintained at Government expense, but in my view it is idle to think of the maintenance by the Government of anything more than this minimum of service. The figures demonstrate that at the present time, after years of experience, our Shipping Board vessels are averaging only 121 days a year at sea per ship, that we are losing practically \$1.48 per ship-mile and \$1.84 per ton carried, that our vessels in some Atlantic and Gulf port trades are averaging to carry less than 45 per cent of their capacity, and in all trades 56 per cent capacity, and that the entire Government fleet for the year 1926 carried but 8 per cent of our total cargo. There is in these figures no justification for the hope that Government operation holds a promise of success. The legislation which we are presenting nevertheless retains in full vigor all of the provisions of law conferring the right and the duty upon the Shipping Board to maintain existing essential services. It supplements authority to continue governmental operations with aids to privately owned vessels, which we hope and believe will result in substantial expansion of our private fleets.

Our privately owned fleet in the foreign trade as of January 1 last comprised 237 vessels of all types engaged in carrying our goods to most of the principal ports of the world. This privately owned fleet carried in the year 1926 approximately 26 per cent of our commerce, as against 8 per cent carried by the Shipping Board. This fleet falls generally into two classes; first, the combination cargo and passenger vessel, and second, the general-cargo ship. They face the handicap of substantial differentials. The reasons for the inability of the privately owned American ship—except those bought from the Government at nominal prices and some others in noncompetitive trades—to successfully compete are chargeable to such dif-

ferentials. In a Shipping Board report, which speaks as of January, 1927, the board found construction costs to average 33½ per cent against us.

The American Ship Builders' Association tells us that upon the assumption that both have a normal volume of work that it costs to build a 10,000 dead-weight ton cargo steamer 59 per cent more than in Great Britain, 60 per cent more to build a 9,850 dead-weight ton tank steamer, and 54 per cent more to build a combination cargo and passenger steamer.

Annual fixed charges are usually interest, 6 per cent; depreciation, 5 per cent; repairs, 2 per cent; insurance, 5 per cent; a total of 18 per cent. Private shipbuilders say 27 per cent.

This means that the American owner of an American-built ship is handicapped at least 18 per cent annually on this capital differential.

The principal reason for this cost differential is labor cost. Wages in American yards nearly double those in Great Britain and three to four times those in Germany. In the building of a ship 39 per cent is labor in the shipyard; 5.6 per cent taxes, insurance, and depreciation; 4.6 per cent freight; and 50.8 per cent materials. Breaking down these items it will appear that 78 per cent—\$11,700,000—of the entire cost of a \$15,000,000 ship goes to American labor; that is, 7,800 workmen one year at \$5 a day, or 2,600 workmen for three years. This capital cost is the great factor in the differential cost.

Of lesser consequence but still of importance is the wage and subsistence differential. The Shipping Board tells us that averaging the difference between United States vessels and those of eight principal maritime competitors it appears:

1. Pay roll ratio of the average of these countries is to United States wage costs as 51 is to 100.
2. Subsistence costs of the average of these countries is to United States costs as 62 is to 100.

From a number of typical British ships it appears, according to the board's experts, that it takes about 7.25 per cent of the total American cost to meet and equalize the annual differential against the American ship arising from the lower construction and operating costs of a British vessel.

In my belief these figures of the board are too low.

Notwithstanding handicaps it is said of this first class of privately owned vessels—combination cargo and passenger—that they are generally making their expenses, but they fall far short of earning sufficient to provide for replacement. They, therefore, face, as the matter now stands, a keener and more effective competition by newer and faster foreign ships.

I would not minimize the service rendered to American shippers during late years by this Government fleet. It is proper, however, to have clearly in mind that notwithstanding our huge initial expenditure and our operating losses in the maintenance of this fleet the percentage of our commerce carried in Government-owned ships has been growing constantly less and in a greater degree than the loss suffered by privately owned American ships. In 1921 our Government-owned fleet carried 15 per cent of our commerce, but for the year 1926 this percentage had dropped to 8 per cent. Stated in another way, our operating losses exceeded \$16,000,000 in the carriage of 8 per cent of our commerce. In the same period the percentage carried by the private vessels under our flag dropped from 36 per cent to 26 per cent. We must always have in mind that our private ships are carrying in our foreign trade over three times the cargo tons carried by our Government vessels. They are entitled to protection against governmental competition. They merit our thought and aid quite as fully as does the smaller governmental activity. We must not permit our concern for these Government vessels to close our eyes to the relative importance of the two classes of vessels and services. It would be better to lose the 8 per cent than the 26 per cent if a choice had to be made.

The general cargo ship may in turn be divided into two classes. There are, in the first place, those lines operating tonnage bought of the Shipping Board at low prices and on easy terms. Fixed charges for interest, insurance, and depreciation on such vessels are below like charges on foreign ships with which they compete and offset their own higher operating costs. The American operator who has ships of this kind is able to compete successfully with a foreign line, but, like the passenger vessel, these ships show no profits from which replacements may be anticipated. The second class of cargo vessels are those belonging to long-established lines operating in large part pre-war tonnage or tonnage acquired immediately after the war, in either case of high cost. Such ships, however, are in selected and more profitable trades. This and the long experience of the operators therein constitute a favorable factor, but because of the high fixed charges these vessels are not operating at a profit from which replacements may be made. It may be said, therefore, that although the privately owned

American fleet is struggling along, it is in no position to replace its old vessels with new ships, modern in type and of the higher speeds, and is in no position to expand its activities.

It has been pointed out that 20 per cent of the vessels of foreign flags in our trade have been built within the last five years, while not a single American ship for our overseas foreign trade has been built within that period. It seems certain that unless newer and faster and more modern ships find their way into American trade under the American flag and unless the differentials heretofore mentioned are overcome by superiority of service, by efficiencies in operation or otherwise, we must expect a continued shrinkage in the percentage of our commerce carried by our ships and a constantly greater dependence upon foreign nations.

There is a volume of trade ample to support an adequate American merchant marine, but that business will not seek the American ship if a better and faster service is furnished by another flag. Our problem is to aid in the construction of the best type of ships and by proper governmental encouragement to make certain permanence of operation by such ships. This bill which is before you is an effort to aid in bringing about the end we all desire. Your committee members would be the last to claim for it that it will accomplish all we desire. Our merchant marine is not to be rebuilt and restored to its old-time place in a day. We face a long struggle. Your committee believe, however, that this bill is the first step in the legislative program which must be ultimately adopted.

The alternatives presented to us are clear. We must embark upon an extensive and costly program of shipbuilding and ship operation by the Government; we must legislate in behalf of the private ship, as this bill does, or we must accept as certain the disappearance of our flag from the sea and acknowledge our dependence upon other nations.

We who support this measure believe its enactment insures the maintenance by the Government of those routes deemed essential to American commerce, routes not now attractive to private operators; we have faith that if administered in accordance with our purpose and to the extent authorized, shipbuilding within the United States will be stimulated, that new and modern American ships will take their place upon the seas, that interest among our people in our ships will be revived, that a new loyalty will be aroused in American shippers and American business, and that we shall have done much toward the restoration of American supremacy upon the seas, to bringing again the day when our flag will be seen in every port, when our lost heritage shall be restored, and we shall have resumed that position and that independence on the waters of the earth which in the years of long ago we established at the risk of our existence as a Nation.

The pending bill offers no untried experiments. Every principle in it has at times been resorted to in this country or by the great maritime powers of the world.

Mr. RAMSEYER. Will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. RAMSEYER. How many more Government ships did we have in 1921 than at the last date given by the gentleman?

Mr. WHITE of Maine. I am not able at the moment to give the exact number, but substantially more.

Mr. RAMSEYER. Many of the ships that were operated by the Government in 1921 have been sold, have they not?

Mr. WHITE of Maine. Many of them have; yes.

Mr. DAVIS. Will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. DAVIS. Right in that connection, I think we have about one-third of what we had at the peak number.

Mr. MORTON D. HULL. Do I understand that the commerce has not diminished but is going in foreign vessels?

Mr. WHITE of Maine. The percentage of our cargoes carried by foreign vessels has increased between 1921 and 1926 from something like 49 per cent to over 66 per cent.

Mr. MORTON D. HULL. There is an explanation for that, which the gentleman will give, is there not?

Mr. WHITE of Maine. I believe so.

Mr. MORTON D. HULL. Does that explanation appear in the gentleman's statement?

Mr. WHITE of Maine. I think there are many reasons, but perhaps the overshadowing reason is in the superior speeds and the modernizing of the ships of foreign nations which have been entering into our trade.

Mr. MORTON D. HULL. In other words, the explanation is they give a better service, is it not?

Mr. WHITE of Maine. Well, that is a matter of argument; but I express the belief that the great consideration is in the fact that the fleet of other nations has been modernized and ours has not.



Mr. COLE of Iowa. Will the gentleman yield for just one question?

Mr. WHITE of Maine. Yes.

Mr. COLE of Iowa. Is it not true that the foreign vessels are operated more cheaply than our vessels?

Mr. WHITE of Maine. I think that enters into it also.

Mr. CRISP. Will the gentleman yield?

Mr. WHITE of Maine. I yield.

Mr. CRISP. I have listened with profit and interest to my friend's statement. Will he be kind enough to give briefly to the House the provisions in the bill by which he hopes to remedy the evils that now exist?

Mr. WHITE of Maine. I will go through the bill—

Mr. MERRITT. Before the gentleman does that, I notice with concern that there have been no new vessels added to the merchant marine in the last five years.

Mr. WHITE of Maine. No new overseas vessels.

Mr. MERRITT. What effect has that condition had upon the shipyards?

Mr. WHITE of Maine. It has resulted in almost the disappearance of the American shipyards of other days. We had in the United States in 1916, 22 shipyards equipped to build vessels of the seagoing type. We have now only 8 of such shipyards in the United States. There have disappeared in the intervening years some shipyards that have been in activity generation after generation. In my own State the Bath Iron Works, and the Cramp yards in Philadelphia, that have been building American ships for almost a hundred years are closed and others have disappeared within the last few years.

So to-day we have in the United States just 8 shipyards capable of building seagoing vessels. Great Britain is keeping busy 57 shipyards.

Mr. MERRITT. Then we have a vicious circle—we can not build ships because the cost is so high and the yards are disappearing, so the costs are getting higher.

Mr. WHITE of Maine. That is true; we are in a vicious circle with the disappearing of the shipyards and the disappearance of the resources for building ships; and that is a problem that must be considered in the light of these conditions.

We have confronting us the problem not only of the ship itself, but the shipyards which are back of the ships. I will take occasion to say that this legislation looks not only to the ships but the shipyards, and all the way through we have stressed in this legislation the necessity for the new modern types, not only that it may successfully carry goods but that the shipyards may be again brought to life.

Mr. SPEAKS. Will the gentleman yield? Will the gentleman state the number of shipyards in the United States in 1915?

Mr. WHITE of Maine. I can not give the gentleman the number in 1915, but in 1916 there were 22 shipyards capable of building seagoing vessels. At the present time there are only 8.

Mr. SOMERS of New York. How many are constructing ships?

Mr. WHITE of Maine. At the time of the hearings there were building in the entire United States, I think, only two vessels of the seagoing type.

Now, if I may, let me go through the bill. We have reported out the Senate bill in an amended form. The Senate bill in a large measure, it seems to me, was a restatement of existing provisions of law. There were in it, however, two or three substantive matters. One dealt with the authority of the Shipping Board to sell governmental vessels.

Under the existing law vessels may be sold for operation under our flag by a majority vote of the board. Vessels may not be sold for foreign registry except by a vote of 5 to 2. The Senate provision was to the effect that no vessel of the Government should be sold except by unanimous vote of the Shipping Board. Your committee was unwilling to accept that provision, because that would give to a single individual the right of veto. It would give to a single individual in one of the independent boards of the Government in effect the right to determine a great governmental policy, because by withholding his approval he might prevent for all time the sale of a single Government vessel. By that action he in effect would require permanent Government operation of our vessels.

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Maine. In the House bill we have provided that these vessels may be sold on an affirmative vote of five members of the board. We passed beyond the requirement of a mere majority, and say that no Government vessel may be sold except upon the affirmative vote of five members of the board. That is the first and substantial change made by the House committee in the Senate bill. I yield to the gentleman from Maryland.

Mr. LINTHICUM. How many votes did it take to sell the ships on the Pacific coast that we parted with within the last six months?

Mr. WHITE of Maine. As I stated, a majority vote of the board is required under the present law.

Mr. TILSON. Why did a majority of the committee think they should depart from the almost universal rule that a majority of a commission or of a board or of a court should govern? Why should this exception be made? What is the reason for requiring more than a majority of the board to sell a vessel?

Mr. WHITE of Maine. I am compelled to say that there was a wide difference of view upon that point, and the result, as it appears in the bill, is a compromise effected by the members of the committee.

Mr. MORTON D. HULL. How many members are there on the board?

Mr. WHITE of Maine. Seven. Section 5 of the Senate bill provides that all the offices or employment or positions under the United States Shipping Board and the Fleet Corporation should generally be under civil service. The House committee has stricken that provision from the bill. The existing law provides for those positions in the Government that shall fall within the classified civil service. Your committee felt strongly that it was not our province to redraft or modify the general civil service laws of the United States. We felt, further than that, that it was unwise in the extreme to undertake to place under the civil service those positions requiring ship knowledge and knowledge of ship operations. It is a type of experience, a type of knowledge, which does not lend itself readily to ascertainment by civil-service examinations. So we have stricken from the bill that provision.

I may say, speaking in very general terms, that all of the other provisions of the Senate bill are redrafted and reembodyed in the House amendment in their substance. The House amendment deals with possibly four or five matters of consequence. First of all, Title III of the House bill redrafts, expands, liberalizes the present provisions of the construction loan law, so called. Under the construction loan act as it is now framed there is an authorized amount constituting that fund of \$125,000,000.

The Shipping Board is authorized to make loans from that fund to private shipowners for the construction and reconditioning of vessels. The present law specifically places limitations upon the authority of the board with respect to those loans. It limits the authorized loans to one-half the cost of the vessels, but in exceptional circumstances, where additional security to the mortgage is taken, it permits a loan of two-thirds of the cost of the vessel. Your committee has expanded that provision and permits loans under the section which we report to you up to three-quarters of the cost of the vessel. The existing law fixes a limitation of 4½ per cent upon the rate of interest which these loans shall bear when the money goes for the construction of a ship in foreign trade. Your committee has recommended the lowering of that rate of interest in the case of vessels engaged in foreign trade. The present law limits the life of a loan to 15 years. Your committee has recommended that the life of the loan may be extended to 20 years. Bear in mind, these provisions to which I have alluded are in the main the maximum placed upon the authority of the commission to loan. The commission may loan smaller amounts and at shorter terms and under more drastic conditions than are set forth in this bill. Your committee feels this is one of the most important provisions of the bill. It is not new. We have had a construction loan fund in our law since 1920. This principle has been resorted to by most of the maritime nations of the world. Great Britain, to whom we may look for light in shipping matters, has utilized this fund in the building of her fastest liners, and she has established a substantial amount, I think a fund of \$126,000,000, to be used to aid in the construction of ships in her yards. Your committee has authorized an increase in the amount of this loan fund from \$125,000,000 to \$250,000,000. We feel that if we are to embark upon an extensive program of ship construction, if we are to have within the near-by years a fleet of vessels of types and of size competent to wage effective competition with foreign vessels, we must utilize this fund to a large extent. So this provision, as I have roughly sketched it, comes before the membership of the House with the unanimous approval of the Merchant Marine Committee.

Mr. CRISP. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. CRISP. Is that to be a revolving fund?

Mr. WHITE of Maine. It is to be a revolving fund, but at no time are the amounts in it to exceed \$250,000,000, the limit that we have placed upon it.

Mr. CRISP. And where a loan of 75 per cent is made in the construction of new vessels the board will have a lien on the vessel for the repayment of the same?

Mr. WHITE of Maine. The board will not only have a preferred mortgage but such other and additional security as the board may insist upon. We think we have given to the board the fullest authority necessary to safeguard the interests of the United States and to insure the repayment in full of every dollar of the loan with interest thereon.

Mr. LINTHICUM. On page 6 it is provided that they may set aside receipts until it amounts to \$125,000,000.

Mr. WHITE of Maine. On what page?

Mr. LINTHICUM. On page 6. And then on page 9, section 302, provision is made for an increase of the construction loan fund to \$250,000,000. Is part of that for the Shipping Board now and is the other part for the new loan fund?

Mr. WHITE of Maine. The present law authorizes the setting up of this fund of \$125,000,000, specifying the sources from which the fund shall come. It comes from sales and the liquidation of the securities which the board has at any time. The limit we have provided in this bill is that in addition to the amount now authorized, there may be appropriated such amounts from time to time as shall lift the amounts available to \$250,000,000.

Mr. LINTHICUM. Then the \$250,000,000 would include the \$125,000,000?

Mr. WHITE of Maine. Yes. The \$250,000,000 would include the \$125,000,000.

Mr. SOMERS of New York. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. SOMERS of New York. Speaking of this loan, in your report you refer to vessels in the foreign trade, where the rate is fixed "at the lowest rate of yield of any government obligation outstanding at the time the loan is made." Could the gentleman tell us what that would be to-day?

Mr. WHITE of Maine. There are many Government securities, and I can not give you the exact figures to-day of what that would be. Some of the earlier loans bear as low a rate of interest as 2 per cent. I may say that I have called a meeting of the committee to-morrow morning to still further consider that language. It appears there is some doubt in the minds of Members as to whether we should authorize as low a rate of interest as that particular section now permits. Before that matter is disposed of in the House I want to bring to you the more considered judgment of the Committee on the Merchant Marine and Fisheries on that point.

Now, passing from the construction loan fund to other provisions of importance, I direct your attention to the matter of postal contracts. There is nothing new in the principle of that proposed provision. This Government of ours for many years past has authorized the entering into contracts with merchant vessels and vessel owners for the carriage of our mail. There is the old provision in section 4007 of the Revised Statutes, which has been on the books for more years than I can recall—the ocean mail act of 1891—the provisions of the merchant marine act of 1920, and the act passed in 1918 authorizing mail contracts between the United States and Great Britain. All through the years the Government of the United States has recognized the propriety of entering into contracts of this type. Your committee feel that such contracts in substance and in fact are payments for a definite service rendered to the Government of the United States, for which it is proper that we should make payments. Not only has our own Government approved this policy, but every other maritime nation on earth has likewise utilized this means.

The difficulty with the United States has been that we never have constantly and persistently and aggressively pursued the policy, so that these provisions on the statute books have heretofore been of relatively little importance. I do not mean to say they have not been of some value, because I think I know of vessels in operation which would not be in operation if it were not for the payment they are receiving for the carriage of the United States mail. But we believe that there is a legitimate opportunity to expand this feature of our law and make it useful not only to all of our people in the speedy transportation of our mails but also to aid our merchant marine.

Now under the terms of this section the Postmaster General is given the authority to determine what mail routes shall be established. He is to notify the Shipping Board as to the postal requirements of our ocean service. It then becomes the obligation of the Shipping Board to pass upon what I would call the navigational side or aspect, to determine what type and character and size and speed of ships will respond most efficiently to the postal needs as laid down by the Postmaster General.

The Shipping Board makes its recommendation under the terms of the bill to the Postmaster General as to these shipping matters, and the Postmaster General is then authorized to make contracts with our vessels. We have classified the vessels in this title according to tonnage and speed. That follows the language of the established precedents; and we have provided the maximum rates of pay to the various classes, the rates of pay being generally based upon the size and speed of the vessel performing the service.

Your committee is unanimous in its recommendation that this title be approved by the House.

Mr. O'CONNOR of New York. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. O'CONNOR of New York. The gentleman will recall that when the bill was pending before the Committee on Rules I asked the question: "Why do you not put some compulsion on the Post Office Department, other things being equal, to prefer American ships?" You leave it wide open to an individual as to what he is going to do about it.

Mr. WHITE of Maine. It is a question how far you can be asked to lay down a direction without taking from the executive officer that discretion which an executive officer of the Government ought to have. There may be certain services where it will not be advisable to enter into these long-term contracts. It may be better to proceed under some other provision of law and provide for the carriage of mail upon a poundage basis or some other contractual arrangement. And that leads me to emphasize this, that this provision of the bill is not an exclusive authority for entering into mail contracts.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. ABERNETHY. I understand that the Postmaster General stated that this provision would result in profit to the Government?

Mr. WHITE of Maine. That was the view presented to our committee by the Post Office Department.

Mr. SOMERS of New York. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. SOMERS of New York. What percentage do you pay out now?

Mr. WHITE of Maine. Under the provisions of existing law there is paid for the carriage of mail on American ships in the overseas trade something like \$7,000,000.

The receipts from our Postal Services, from that same character of service, amount to about twelve and a half million dollars. I think I am stating that right. This represents a very substantial margin between the amounts paid to American ships and the receipts from our ocean mail service.

It is estimated that if we apply the maximum rates—this is important and I want you to get the significance of it—that if we apply the maximum rates of this bill to all the vessels now carrying United States mail, all American vessels, we will increase the compensation paid to approximately \$14,000,000. In other words, this provision of this bill will entail an additional expenditure upon the Federal Treasury of approximately \$7,000,000 annually, but I think it important in the extreme that we should consider in that connection the opinion of the Postmaster General that from the improvement in the services and from the higher-speed vessels there will result a very much larger volume of mail moving under our flag, and, therefore, a very much increased revenue to our Post Office Department from the operation of our-flag ships, and I give it as my opinion that it will be many years before this provision of our bill will pass beyond the self-sustaining standpoint, if it ever does that.

Mr. SOMERS of New York. One more question. Does the gentleman know how much foreign mail United States vessels carry?

Mr. WHITE of Maine. Roughly speaking, foreign-flag ships carry 30 per cent of our foreign mail at this time. I am giving that as an offhand recollection but I think I am approximately right. It may be slightly under that, but somewhere, I should think, about 30 per cent.

Now, I want to hurry on.

Mr. KNUTSON. Will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. KNUTSON. I noticed in looking over the bill the other day that it exempts the steward's department from the compulsory provision for the employment of American citizens. Has the committee given consideration to the fact that the most prolific source of smuggling is in the steward's department?



Mr. WHITE of Maine. We have given consideration to this question of nationality of crews upon American ships. The situation is this: There is no general provision of law at the present time requiring that any member of a crew on an American ship should be an American citizen except that provision applying to licensed officers. Licensed officers must be American citizens, but there is no other general provision of law requiring a crew to be made up of American citizens. That I may not be misunderstood, I want to supplement that statement. Under the 1891 ocean mail act there was a provision that one-half of the crew—which would include the steward's department—should be American citizens; that is, upon vessels which held contracts under the 1891 act. But as a practical matter there are no such vessels operating under the 1891 act by contract, or, if any, a negligible number. The practical result is that to-day there is no general requirement that there shall be American citizens upon our ships other than the provision with respect to officers. There is the provision of the seamen's law which requires, I think, that three-fourths of a crew shall be able to understand the language of the officers, but that has no relation to citizenship. So I feel, and many members of our committee feel, that in this provision here we are working toward a larger percentage of American citizenship on American-flag vessels.

Mr. MORTON D. HULL. Will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. MORTON D. HULL. Before the gentleman gets away from the loan fund I would like him to tell me whether I understood him correctly in stating that the total of the loan fund will be \$250,000,000?

Mr. WHITE of Maine. That is right.

Mr. MORTON D. HULL. Then what is the significance of this parenthetical provision, "exclusive of such repayments"?

Mr. WHITE of Maine. Those repayments go into the fund in order that it may be a revolving fund; in other words, if they loan out \$100,000,000 in a year, those repayments, when made, go back into the fund in order to keep it at its maximum figure.

Mr. MORTON D. HULL. Can they not enlarge it?

Mr. WHITE of Maine. No.

Mr. LINTHICUM. Will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. LINTHICUM. The gentleman said a moment ago that 30 per cent of our mail was carried in foreign ships?

Mr. WHITE of Maine. But I did not vouch for the accuracy of the statement.

Mr. LINTHICUM. Well, approximately. What I want to know is, what part of the foreign mail we carry in our ships?

Mr. WHITE of Maine. Well, I can not give it to you in percentages. If you see any instance where a foreign government is letting an American-flag ship carry mail, except under the force of necessities, you will see something I have never been able to see.

Mr. LINTHICUM. Will the gentleman be good enough to put the exact percentages in the RECORD?

Mr. WHITE of Maine. I will try to do so.

Mr. CHINDBLOM. May I ask what that figure was of the percentage of American mail carried in American ships?

Mr. WHITE of Maine. Subject to correction, I will say that between 65 and 70 per cent of our mail is carried in American ships and 30 per cent or thereabouts carried in foreign ships. Can any member of the committee correct me on that?

Mr. DAVIS. It has been reduced in the last two or three years. I do not think that now the amount carried in foreign ships is over 20 or 25 per cent. It has been very much higher, but it has been greatly reduced in the last two or three years.

Mr. WHITE of Maine. I will put in the RECORD the exact proportions.

I think I have alluded to the principal matters in this bill. I want to emphasize in closing that we are not taking from the Shipping Board any of the rights it now has to maintain ships in trades deemed by it to be essential. On the contrary, we reserve in full vigor and force and vitality every provision of law authorizing the Shipping Board to maintain these essential services. We have, however, carried in this bill various provisions which we hope and believe will stimulate American shipbuilding and put upon the seas newer and more efficient American-flag ships.

Mr. SOMERS of New York. Before the gentleman closes his very instructive and enlightening discussion, will he be good enough to touch on the insurance features of this bill?

Mr. WHITE of Maine. The question of insurance was one that gave our committee great concern. There was a feeling, and there were charges made, that the marine insurance companies of the United States are discriminating against the American ship, both with respect to the classification of the ship

and with respect to the insurance rates fixed for that ship and for the cargo thereon.

In the bill as it was originally introduced there was a provision authorizing the Shipping Board to reinsure risks placed upon American vessels. Your committee found the subject was full of controversy, full of difficulties so important that we believed it entitled to longer and more searching investigation than we were able to give it at this session.

Existing law carries a provision, section 10 of the merchant marine act of 1920, authorizing the Shipping Board to set up an insurance fund for the insurance of the interest of the United States in any vessel or in any plant. Your committee took that provision of existing law and expanded it somewhat.

Under the present law this fund is to come from net revenues. We struck out the word "net," authorized the fund to be set up from revenues, and also provided that the fund might be increased or built up from insurance premiums.

Then we provided that the United States might insure any legal or any equitable interest which it might have in a vessel and we declared expressly that the United States should be deemed to have such an interest in any vessel toward the construction of which it had made a loan, in any vessel upon which it had a mortgage or lien of any character, and in any vessel obligated by contract with the United States to perform service to the United States, to the extent of the Government's interest therein.

We believe this provision in its present form is not offensive to insurance companies of the United States, but we think it does give opportunity for the Shipping Board to secure the interest of the United States in any of these vessels toward the construction of which, as I have said, we have lent money, upon which we may hold mortgages or in which we have a contract interest.

The CHAIRMAN (Mr. BEEDY). The gentleman from Maine has consumed one hour.

Mr. WHITE of Maine. At this point I yield the floor, Mr. Chairman.

Mr. DAVIS. Mr. Chairman, I yield 15 minutes to the gentleman from Virginia [Mr. BLAND].

Mr. BLAND. Mr. Chairman and gentlemen of the committee, when the gentleman from Maine [Mr. WHITE] concluded his very able presentation of this bill I was reminded of the statement made by Will Rogers at the Jackson Day dinner after Claude Bowers had made the opening speech. He advised the other speakers that they might as well go home; that everything had been said that could be said on the subject.

I wish to add that this bill and this subject of a merchant marine have been considered by the committee with the sole thought of building up an American merchant marine and of advancing the interests of the United States. Never at any time has any partisan political element entered; never at any time in the consideration of this bill has any member of the committee, either of the subcommittee or of the committee as a whole, approached the question in any other way than with a desire to promote the common interests of the country. It has been peculiarly gratifying to serve with men who have tried to work out this great problem in this honest and conscientious way—and it is a great problem.

I feel, gentlemen, that the Members of this House, in their repeated expressions of interest in a merchant marine, in their continued thought to its problems, and in their votes from time to time of appropriations for a merchant marine, have but reflected the sentiment that exists all through the United States, that the American flag shall not depart from the seas.

The problem involves, as the gentleman from Maine has said, the development of the foreign commerce of the United States. It involves the question of the national defense of our country. We have realized that we can not retain our position in the foreign commerce of the world unless we possess the delivery wagons to carry the goods that are manufactured here or that are raised here for sale upon the markets of the world.

Mr. LINTHICUM. Will the gentleman yield for a question?

Mr. BLAND. Yes.

Mr. LINTHICUM. At one time we had a very large merchant marine, and I would like to know why it was we allowed it to be sold and distributed, and so on, at a great loss to the country. Why did we not continue the merchant marine, which was very large, indeed, under the Shipping Board as we had it? Can the gentleman tell me anything about that?

Mr. BLAND. The policy, as declared in the act of 1920, was to transfer the ships of the Shipping Board to private operation as rapidly as this could be conveniently done in the interest of the country.

Some of these ships have been transferred. They are still in operation. Others are not in operation at the present time, for

the reason that there was no appropriation for them, and because those ships are not constructed so as to be susceptible of economic operation.

Mr. SOMERS of New York. A good many of these ships were designed to meet war conditions?

Mr. BLAND. Yes; the ships were built for war purposes and to meet, as the gentleman says, war conditions. As one witness who appeared before our committee said, it is very much as if an employer had too many unskilled laborers at the very time when he needed a larger number of skilled laborers. Speed and regular service are essential in order that there shall be built up a merchant marine, and by these ships rapid and economical and regular service can not be provided. However, these Shipping Board ships have served a very useful purpose. They served a good purpose in 1926, when the foreign ships were diverted into the coal business and when we were without ships in regular operation to carry the products of the farm, our cotton and our grain, to the markets of the world. They were put up on the seas, and as Secretary Hoover said, they saved \$650,000,000 to the American farmers and the American people.

Mr. MOREHEAD. Will the gentleman yield?

Mr. BLAND. I will.

Mr. MOREHEAD. What is the attitude of the President in regard to building up the shipping business—what are his recommendations to Congress in that respect?

Mr. BLAND. As I recall various expressions in the messages of the President, he is interested in the building up of a merchant marine, but if the gentleman wants a more particular expression of the attitude of the President on the subject, I must refer him to some Member of the President's own party. I am not sufficiently in the confidence of the President to answer him.

Mr. KINDRED. Will the gentleman yield?

Mr. BLAND. Yes.

Mr. KINDRED. Will the gentleman explain with reference to the liability of the United States for certain established claims? Will they have to come to Congress to collect any damages?

Mr. BLAND. I do not think so.

Mr. SOMERS of New York. They are all taken care of.

Mr. BLAND. I am satisfied that that would be handled by the Shipping Board.

Mr. KINDRED. And that any claim for damages could be collected without coming to Congress?

Mr. BLAND. That is the intention of the bill.

Mr. MOREHEAD. I want to say to the gentleman that the reason I asked the question as to the attitude of the administration was that I was carrying out the thought of my friend from Maryland [Mr. LINTHICUM]. My thought as a business man was that any business that does not pay, that holds out no opportunity for it to be profitable to the private shipowner or the Government was not encouraging, and I gathered that from the remarks of the gentleman from Maine.

Mr. BLAND. Will the gentleman repeat his question?

Mr. MOREHEAD. The only thing presented by the gentleman from Maine was that the present ships are not being used a great deal of the time, and I was wondering if the abandonment of the shipyards was not an elimination and consolidation of the different yards? What I wanted to say, however, was that if the gentleman could give us some encouragement that some time the operation will be successful and not be a loss to the private owners or the Government.

Mr. BLAND. That is the thought of the committee in the presentation of this bill. In the first place, in order to establish a merchant marine I think it will be conceded that we must have a merchant marine in private hands, for unless the Government makes larger appropriations than I think probable, you are not going to secure out of the private treasury the necessary replacements for our merchant marine. The encouragement that is held out in this bill we think will be able to secure private capital, which will go into the upbuilding of the merchant marine and will result in the building of modern ships.

I want to call attention to this—and it was referred to by the gentleman from Maine—that Great Britain, by the trade-facilities loan or some legislation of that kind, created in 1921 an initial fund of \$121,000,000 to be used in doing the very thing contemplated here. As I recall the testimony before the committee, that fund of \$121,000,000 has been increased until it is now \$365,000,000. This fund is used for the purpose primarily of causing ships to be built in British yards. Those ships are the most modern types of vessels. If a man in Great Britain desires to build a ship, he applies to the authorities having in charge the administration of that fund, and the Gov-

ernment lends him 85 per cent of the cost of the vessel. This loan is made for a long term.

In this connection I may call attention to the fact, as shown before our committee, that the Government of Belgium subscribed a million dollars to the stock of three Belgian steamship companies, and that it guaranteed, in 1916, the Lloyd Royal Belge Steamship Co. for \$19,300,000. According to Mr. Plummer, of the Shipping Board, that company is one of the most energetic competitors of our domestic ships in the North Atlantic trade.

It was testified that in 1925 the German Government, despite its financial condition, placed \$12,000,000 at the disposal of German steamship companies as loans, and that in 1924 the French Government guaranteed a loan of \$10,000,000 for a 25-year period, the loan being at 7 per cent, the 7 per cent to be paid not to the Government but to the purchasers of these debentures.

The evidence was to the effect that American bankers handled that particular loan; so that, while it is very difficult to induce American bankers to handle a loan for an American shipping company, this loan was handled by them, though, of course, it should be said that in handling this loan they had the French Government behind the loan.

The evidence further disclosed that Japan, having since 1889 paid construction and operating bounties which in 1910 reached the annual sum of \$7,386,000, in spite of their cheap labor and cheap production, is now proposing a \$75,000,000 loan fund—one-half for construction and one-half for operation bounties—and those are for vessels to run to the west coast of the United States. The evidence was further that last year Japan loaned 30,000,000 yen to the Tokyo dockyards in order that they might have proper facilities for keeping their great trans-Pacific ships in first-class shape.

The evidence before the committee showed further that Great Britain had developed something that was said to be unique in international trade and in harmony with the trade facilities act which I have mentioned. I refer to the export credits act, under which that Government has created a further fund of \$126,000,000 so that the English merchant who is selling goods abroad can give his customer such long-time credit as he may desire and yet raise money on his bills of lading so as to have capital for his own uses as he may desire, while giving his customer whatever credit he needs.

This statement will explain why other nations are securing so many modern ships, for, as the gentleman from Maine has said, all of the ship-owning, maritime nations of the world are putting modern ships upon the seas.

Our own people in America are not supporting the American merchant marine as they should, and frequently their failure to do so arises from no lack of patriotism or from any desire to fail in support to our American merchant marine but simply because under the conditions existing to-day they fear that the American flag is going to leave the seas. In consequence they are afraid to cut off their connections and trade relations with foreign shipping interests. They are afraid that if they do so they will be left high and dry. We believe that if this bill is passed it will be an inducement to our people to support our ships. We believe, as one of the newspapers of this country has said, that it will be a proclamation to the world that America has just begun to fight for her place on the seas, and that it will serve notice to the people in our own country that America is going to keep her flag there. We believe that it will serve notice to all foreign shipping interests that are now discriminating against us, and to all countries that may be discriminating against us, that all discrimination may as well cease, and that they may as well try to harmonize their interests with ours. We will notify the world that we are determined that our flag shall be kept on the seas, in private hands, if possible, but if that be not possible nevertheless that our flag shall be kept upon the seas by appropriations out of the Treasury of the United States and by Government-owned ships. [Applause.]

Mr. KINDRED. In connection with the appropriations and provisions of this bill, which is a good bill, under the operation of the bill what will be the net loss to the United States Government?

Mr. BLAND. I can not say that there would be any net loss. Take the construction loan fund of 75 per cent, which is contemplated to be loaned. It will be loaned at a rate of interest at which the Government can borrow the money, and there will be no loss there because it has to be secured.

Mr. KINDRED. Judging from operations in the past, what will probably be the loss?

Mr. BLAND. It would be impossible for me to say what the losses would be if we go on in the way in which we have gone in the past and in which we are now going; but the



situation would be this, that if we continue as at present our Government-owned merchant marine will in a short time be upon the rocks by reason of the necessary obsolescence of our ships. It will be there because our ships themselves are not modern, and commerce will go to the more modern, speedier, and more economical ships.

Mr. KINDRED. But any reasonable loss will be justified by the results accomplished?

Mr. BLAND. Any reasonable loss, but I can not see how there will be any loss. Certainly not under the construction loan fund, and under the mail pay act the testimony of the Postmaster General is that if we can get faster ships we will increase our funds there, so that he estimates there will be no loss there.

Mr. KINDRED. There have been losses in the past?

Mr. BLAND. Yes; running to an enormous sum, which I can not give the gentleman at this time.

Mr. DAVIS. Mr. Chairman, will the gentleman yield?

Mr. BLAND. Yes.

Mr. DAVIS. I suggest to the gentleman from New York [Mr. KINDRED] that the provisions require an annual payment, not only of the interest but of a pro rata part of the principal, over an average of years. If there should be a default in the payment, under the mortgage the Government would take the ship, and we could either resell it or operate it. It is our purpose to maintain a merchant marine one way or the other.

Mr. KINDRED. Will the gentleman tell us the justification for any loss by the results expected?

Mr. DAVIS. I think we are justified in taking some risk, not only from the standpoint of American commerce but from the standpoint of national defense.

Mr. MORTON D. HULL. Mr. Chairman, will the gentleman yield?

Mr. BLAND. Yes.

Mr. MORTON D. HULL. What is the gentleman's understanding of the total loan fund provided by this bill?

Mr. BLAND. Not to exceed \$250,000,000.

Mr. MORTON D. HULL. What is the gentleman's explanation of the phrase "exclusive of such repayments"?

Mr. BLAND. My explanation is that which has been given by the gentleman from Maine [Mr. WHITE]. Certainly that was the intention of the committee. It was their intention that the maximum fund should not exceed \$250,000,000. If the language does not express that idea, then I am perfectly willing to make that intention clear. We had the bill prepared with the aid of the legal drafting department, and that was the thought the committee had in mind.

Mr. MORTON D. HULL. Further, the bill provides:

(b) When \$250,000,000 has been credited to such fund—

And so forth.

Mr. BLAND. I heard the question which the gentleman asked the gentleman from Maine, and if there is any doubt about that intent, then I am sure that the committee will be delighted to clear it up. I want to call attention to just one more thing. Reference has been made to the condition of the private shipyards. I fear there may exist the thought that these shipyards exist only for the particular sections in which they are located. The testimony before our committee shows that if you were to take a \$15,000,000 passenger vessel and were to construct it in a shipyard, only 39 per cent of the total cost of building such a vessel would be expended in that yard; 5.6 per cent would go for taxes, insurance, and depreciation; 4.6 per cent would go for freight. I show this because I want to show the interest the country at large has in the maintenance and preservation of these institutions. The remainder of 50.8 per cent is represented by material furnished by supply people throughout the country, and it was shown just how that would work out. It would go as far west as Oregon.

The evidence was that from Oregon there would be \$35,000 of material purchased; in the State of Idaho, \$35,000; in the State of Texas, \$44,000; in Oklahoma, \$35,000; Arkansas, \$15,000; Louisiana, \$25,000; Mississippi, \$25,000; Alabama, \$25,000; Georgia, \$46,000; Tennessee, \$25,000; Indiana, \$235,000; Ohio, \$350,000; Michigan, \$260,000; Minnesota, \$92,000; Missouri, \$46,000; and so on. So that the distribution is all over the country, and, more than that, there is the matter of our national defense. We should have these instrumentalities to be used when needed. [Applause.]

These private institutions are essential to our defense. In the case of the Newport News yard alone, during the World War, there were repaired and sent to sea 1,000 vessels, an average of two a day. Many of these ships were armed merchantmen. That yard repaired almost the entire fleet of 25 transports running out of Hampton Roads. They delivered 10 ships of 100,000

tons carrying capacity, and in addition they completed three destroyers and completed a battleship.

Unless something is done soon shipbuilding will become a lost art in America. There is a total of 60 shipways in the five east coast yards, and 50 of them are vacant.

An old-established yard which had built ships for nearly 100 years has gone under.

It was not until 1900 that the schools and colleges of this country, teaching shipbuilding and engineering, had progressed to such a point that the Navy Department would send its students to them to acquire their theoretical education. Since 1900 we have had students from the Navy at the Massachusetts Institute of Technology and at some of the other schools in this country, but now the demand for these students in shipyards has fallen off to such an extent due to her lack of shipbuilding, that they can not obtain employment after graduation, and if the present conditions continue for another 10 years, American students must be again sent abroad to learn their business.

American merchant ships are essential to our national prosperity and to our national defense. American shipyards are essential to an American merchant marine.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. WHITE of Maine. Mr. Chairman, I yield to the gentleman from Indiana [Mr. Wood] 20 minutes.

The CHAIRMAN. The gentleman from Indiana is recognized for 20 minutes.

Mr. WOOD. Mr. Chairman and gentlemen of the House, before commencing the statement I have to make I wish to congratulate the Committee on the Merchant Marine and Fisheries for their accomplishment. While it may not be all that is to be desired—and it is not—and while it may not be all that we ought to have at this time, it is a splendid start in the right direction, and I hope that every man who is in favor of an American merchant marine will give his hearty support to this measure. [Applause.] I expect to support it, and am glad of the opportunity. I have some amendments here that I propose to offer; but whether they are adopted or not, I shall support this bill.

I think that in proposing these amendments we will indicate to the committee and to the House and to the Nation something of the necessity that will have to be met before we shall ever have a well-rounded and completed merchant marine.

I also wish to thank the gentlemen of this committee and each individual member of it for the very courteous treatment I have received at their hands on the various occasions when I have appeared before the committee to present my views.

The maritime mandate of the American people—the unqualified determination to provide an American merchant marine—is vigorously asserted in the preamble of the merchant marine act of 1920. It is the American declaration of maritime independence.

The achievement of that courageous aspiration will render a service to our entire country in which all our people participate.

It will provide the balance wheel of our national prosperity.

Not only is it indispensable as an auxiliary to our national defense, it is in fact an actual part of our Naval Establishment. It completes that aspect of our Government which only can be adequately expressed as sea power.

Can such an essence of our welfare and security fail to have the united support of all who benefit by our institutions?

The problem now confronting us is: How shall we complete the accomplishment of our declaration of 1920?

Let us briefly review outstanding facts.

#### MAGNITUDE OF OUR FOREIGN COMMERCE

The total value of American foreign trade for 1927 amounted to \$9,230,000,000. The total value of the water-borne portion amounted to nearly \$8,000,000,000. In volume the water-borne portion amounted to 113,000,000 cargo tons. The freight bill for transporting this commerce amounted to \$760,000,000. American ships received approximately 30 per cent of this amount.

Thirty-two countries with 5,700 vessels of over 26,000,000 gross tons participate in the transportation of our foreign trade. Those vessels represent a total of 58,000 entrances and clearances.

Foreign-flag ships carry more than 66 per cent of our entire foreign trade, American-flag vessels carry less than 34 per cent.

There are but 475 American-flag vessels capable of meeting the foreign competition presented by more than 4,000 vessels.

Since 1922 our foreign competitors have built 1,280 vessels for transoceanic service. The United States has constructed 18.

Our foreign commerce is divided into two groups commonly referred to as the "near-by foreign trade" and the "overseas foreign trade" which are defined as follows:

## NEAR-BY FOREIGN TRADE

The "near-by foreign trade" of the United States includes commerce with Canada, Mexico, Central America, West Indies, and the north coast of South America to and including the Guianas.

In this trade approximately 43,000,000 tons are moved annually with an average value of \$30 per ton of merchandise, and constitutes more than 26 per cent in tonnage volume of our entire water-borne foreign commerce.

Mr. O'CONNELL. Mr. Chairman, will the gentleman yield?

Mr. WOOD. Certainly.

Mr. O'CONNELL. The gentleman is making a very interesting statement. Can he tell us from what source he has obtained those figures? Are these the gentleman's own figures, or are they furnished by the Department of Commerce?

Mr. WOOD. These figures are largely furnished by the Department of Commerce.

American vessels carry approximately 56 per cent of the import cargo tonnage and 52 per cent of the export cargo tonnage.

The Great Lakes trade with Canada includes tonnage amounting to more than 11 per cent of our total water-borne foreign commerce and American vessels carry two-thirds of the import cargo, but only 40 per cent of the export cargo in the Great Lakes foreign trade.

The average value of near-by imports, including Great Lakes trade, is slightly more than \$26 a ton of merchandise, and the average value of exports is almost \$37.50 a ton of merchandise.

## OVERSEAS FOREIGN TRADE

The "overseas foreign trade" of the United States includes commerce with all countries other than those described in the "near-by foreign trade"—trans-Atlantic, trans-Pacific, and the east and west coasts of South America.

In this trade approximately 70,000,000 tons of freight are moved annually with an average of \$95 per cargo ton of merchandise, and constitutes nearly 62 per cent in tonnage volume and 80 per cent in value of our total water-borne foreign commerce.

American flag vessels carry less than 30 per cent of the import cargo tonnage and less than 19 per cent of the export cargo tonnage.

In other words, we carry only 30 per cent of what we buy and the foreigners carry 81 per cent of what they buy from us.

The average value of overseas imports is \$182.50 a ton of merchandise, and the average value of overseas exports is \$66.20 a ton of merchandise. Please note that our foreign competitors do not permit us to carry our share of the higher-priced cargo.

## WHAT OUR COMPETITORS HAVE DONE TO RETRIEVE THEIR SHIPPING

Shipbuilding activities of the principal maritime nations from 1922-1927, covering ships of 2,000 gross tons and over suitable for trans-oceanic service, are shown in the following table:

Country	Number of ships	Gross tons
Great Britain.....	882	4,905,853
Germany.....	192	1,118,635
France.....	104	630,613
Italy.....	87	711,499
Japan.....	75	333,327
United States.....	18	195,191
Total.....		7,895,118

The statement discloses that out of a total of almost 1,300 ships of approximately 8,000,000 gross tons the United States is credited with but 18 ships of less than 200,000 gross tons, thus being outbuilt by Great Britain by almost 50 to 1; Germany, more than 10 to 1; France, more than 5 to 1; Italy, almost 5 to 1; and Japan, more than 4 to 1.

Mr. SHALLENBERGER. Mr. Chairman, will the gentleman yield?

Mr. WOOD. Yes.

Mr. SHALLENBERGER. I am very much interested in that statement. Can you give us your judgment as to what we ought to do to correct that?

Mr. WOOD. Yes. I will give that later.

The postwar trend has been toward cargo-liner service—that is, a regular service on definite routes—in contradistinction to tramp service. Over 75 per cent of the world's shipping is now engaged in this class of service. Prior to 1914 it was but 25 per cent.

Our competitors were quick to recognize this trend and have either built or acquired modern tonnage with increased speeds and other economic advantages as shown by the following compilation:

Country	12 knots and over, number of ships	14 knots and over, number of ships	16 knots and over, number of ships	18 knots and over, number of ships	20 knots and over, number of ships
Great Britain.....	1,280	436	145	38	12
France.....	277	105	55	19	11
United States.....	235	101	37	6	2
Japan.....	206	56	10	2	2
Italy.....	186	55	27	9	9
Germany.....	153	29	9	2	1
Total.....	2,337	782	283	76	37

We now realize how severely handicapped we are to meet competition!

Flag-waving arguments have little or no effect in influencing American shippers to use our ships until such time as we can place at their disposal ships offering the same advantage in speed, regularity, and frequency of sailings as are offered by our competitors. Not until that time can we be assured of the full support of American shippers, nor is it fair or reasonable for us to expect them to accept inferior commercial service under the guise of patriotism.

Mr. MONTAGUE. Mr. Chairman, will the gentleman yield?

Mr. WOOD. Yes.

Mr. MONTAGUE. The gentleman has not mentioned at all the figures of Scandinavian countries carrying sea-borne commerce?

Mr. WOOD. I have not put it in my statement.

Mr. MONTAGUE. Can the gentleman give us the figures as to their water-borne commerce by sail and not by steam?

Mr. WOOD. No. I am only dealing with the character of vessels with which we are and are to be in competition.

Mr. MONTAGUE. I was just inquiring.

## HOW AND WHY AMERICAN SHIPPING IS HANDICAPPED

Mr. WOOD. In the problem confronting us in placing American shipping where it rightfully belongs we must consider the economic phase. Some are of the opinion that this basic obstacle can be overcome by increased efficiency and ingenuity. What are the facts? The major handicap against us is due to the higher shipbuilding costs in the United States. It is not due to the lack of efficiency or ingenuity. In normal times the personnel and equipment of our shipyards—of the few that are left—are as efficient as any in the world. The reason for our higher ship construction costs is the result of our higher living standards and no amount of increased efficiency or ingenuity can offset this handicap.

We have heard statements that many of our industries have been able to manufacture their products to enable them to compete in foreign markets. This is true where industries can take advantage of mass production methods, but such methods do not apply in the construction of ships. The reason for this is that under normal conditions seldom more than half a dozen ships are built from the one design. Therefore this expedient can not be used to lessen the handicap of American shipyards in competition with foreign yards where labor and material are cheaper to any appreciable extent. It must be remembered that ships are built to order—not manufactured, and that the normal life is 20 years.

American shipyards are, therefore, in direct competition with foreign yards.

The difference in construction costs of ships built in American yards compared with those built abroad results in an annual handicap of over 4 per cent of the price paid for the vessel built in an American yard.

Where standards of living differ in the countries engaged in the business of building ships the cost of construction will vary directly as the standards of living in those countries.

Until such time as the living standards of the countries with whom we are competing are brought to our level this handicap will prevail.

## TO WHAT EXTENT DO OUR SHIPPING LAWS HANDICAP US?

The seamen's act has been most severely criticized as handicapping American shipping. After carefully analyzing the provisions in this act it appears that the criticisms are largely unfounded. The frequent advances of pay to the crew may be undesirable. However, prior to the seamen's act advances were made to the crew, and it would seem that this is a matter which the master of the vessel can deal with in a satisfactory manner.

Our measurement laws are also subject to considerable unfavorable comment, insinuating that American ships are discriminated against. This is a matter which has been thoroughly investigated, and the conclusions reached show that there is practically no difference in our laws as compared with



those of foreign countries. It has been found, however, that in some instances the provisions in the American rules have not been fully taken advantage of; hence, the fault lies not in the existing law but to negligence on the part of the shipowner.

Our steamboat inspection laws have been criticized particularly with reference to the testing of boilers.

While our laws appear to be more severe than those of other countries, it remains a question, and largely a matter of opinion, whether our laws should be changed to conform to those of other countries.

In summing up the situation regarding these laws which have been unduly criticized without a thorough understanding of them the final result, due to any changes that might be made, would be trivial. It is felt, after numerous interviews and consultations with practical steamship owners and operators, that such items as those referred to in our existing laws as constituting a handicap could be easily overcome when the major handicap, the construction differential, is absorbed.

#### CONCLUSIONS

Successful competition in the world's markets is predicated on the delivered price of the commodity—in first-class condition—in the shortest time. This not only requires ships equal to those of our competitors in speed, regularity, and frequency of sailings, but obviously necessitates equalizing the higher American construction costs as compared with the lower ship-construction costs prevalent in foreign shipyards. This is our greatest handicap.

If we are to continue to support our American industries, we must build our ships at home and give them the same protection against direct foreign competition that many of our other industries now enjoy.

It has been stated by some that the annual Government operating loss is, in effect, an indirect subsidy. A more accurate statement would be that this is the price we pay for the operation of obsolete and unsuitable types of ships in competition with the more modern and faster ships of our competitors.

Our past experiences have taught us that the pioneering and establishing period of steamship services is an expensive operation under the most favorable conditions. It is therefore quite obvious that slight progress, if any, can be made during that period until we have ships on a parity with those of our competitors.

In view of the rapid progress made by our competitors it is highly imperative that we begin a replacement and construction program without further delay, and in order to accomplish this there must be provided a plan—

Which will equalize the capital investment of the American and foreign ship;

Which will permit the ships to be owned and operated by private citizens under Government regulation;

Which provides for the owner to pay the full price of the American-built ship;

Which will insure permanency of operation; and

Which will guarantee adequate replacement.

The proposal I have to place before you fully incorporates these requirements.

#### THE REMEDY

There are several amendments I intend to offer to this bill. However, the one in which we are all most interested relates to the construction of cargo vessels and will be offered as section 303 of the bill.

How does the Government expect to compensate those charged with the responsibility of maintaining this national service, which so vitally affects both our country's prosperity and security? It is simple.

The bill provides a form of aid for vessels able to carry the mails. In addition the loan provisions are extended to aid American owners and operators. However, the cargo vessels, forming the backbone of any merchant fleet, are not adequately provided for. The difference in the cost of construction can not be absorbed by the measures proposed in the bill. To this end I offer the following amendment for your consideration:

SEC. 303. The board is hereby authorized and directed to make loans from the construction-loan fund for the total cost of construction of vessels for service in the foreign trade for citizens of the United States. Such vessels shall be constructed in American shipyards and according to designs approved by the board. Such sums as may be loaned for such construction shall be repaid to the construction-loan fund by the purchaser of such newly constructed vessels within a period of 20 years: *Provided*, That the contract and preferred mortgage guaranteeing the service of such vessel in the foreign trade shall provide for an initial payment of 5 per cent of the cost of the vessel upon the making of the contract and 5 per cent annually thereafter.

The provisions of this section shall not apply to vessels entitled to the benefit of Title IV of this act relating to the transportation of foreign mails.

It has been determined by experts in ship construction costs that a vessel costing \$1,000,000 in the United States can be constructed in Great Britain for \$636,942.67. After the British owner has charged interest on his investment, insurance, and depreciation, the cost at the end of 20 years exceeds \$1,000,000. It will be observed from the above amendment that the cost of this vessel is to be repaid by the American owner within 20 years, and after he has maintained insurance thereon the cost will be approximately equal to that of the British owner. This is only possible without charging interest on the principal of the loan.

The CHAIRMAN (Mr. CRAMTON). The time of the gentleman from Indiana has expired.

Mr. WOOD. May I have five minutes more?

Mr. WHITE of Maine. I give the gentleman five additional minutes.

The CHAIRMAN. The gentleman is recognized for five additional minutes.

Mr. WOOD. If the Government owned and operated the ships this fund would not be drawing interest. Therefore, to charge interest for this fund would be the equivalent of demanding of the private owner that he pay a bonus for the privilege of rendering our country a national service, since it benefits all of the people and insures the means for the establishment and maintenance of a permanently American owned and controlled merchant marine, a merchant marine which will be able to compete with any nation in the world and which will complete the establishment of an adequate naval sea power.

Do not take this proposal lightly; it is not without precedent. Our decline in maritime affairs resulted partially from our development of the interior. When national resources were made available for the development of our western territory we found railroads financing transcontinental projects through enormous land grants. Later, with the westward migration of our population, the reclamation of arid lands was essential. Here the Government constructed huge dams, with reservoirs, canals, and all necessary work for the creation of an irrigation and reclamation system. And under the reclamation act as amended the cost of this construction work is to be paid by settlers on those projects within a period of 40 years, but no interest is charged. To-day we find the Federal Government spending a hundred million dollars each year for the construction of highways, not one cent of which is repaid to the Treasury. Surely the meager aid I have suggested for our merchant marine is not without precedent.

In addition to the foregoing I wish, in conclusion, to direct your attention to a situation which deserves serious thought and consideration. In spite of the fact that we have been dubbed an Uncle Shylock the United States has proved a good samaritan to many foreign nations. We have loaned billions of dollars abroad for the rehabilitation of those nations and their industries.

Directly or indirectly some of those very nations with whom we are competing in the markets of the world have been enabled to build up and modernize their shipping, the necessary funds being obtained from loans granted by the United States. I have here a statement showing the amount of the funded debt of various foreign nations, the total payments to be made, and the present worth of payments as at the time of funding.

Funded indebtedness of foreign governments to the United States

Country	Date of agreements	Amount of debt as funded	Total payments to be made	Present worth of payments (at time of funding) at 4½ per cent compound interest	Per cent of present worth to amount as funded
Great Britain.....	June 18, 1923	\$4,600,000,000	\$11,105,965,000	\$3,792,350,150	82.44
France.....	Apr. 29, 1926	4,025,000,000	6,847,647,104	2,008,122,624	49.89
Italy.....	Nov. 14, 1925	2,042,000,000	2,407,677,500	535,312,311	26.21
Belgium.....	Aug. 18, 1925	417,000,000	727,830,500	226,020,669	54.20
Finland.....	May 1, 1923	9,000,000	21,695,055	7,420,497	82.45
Hungary.....	May 29, 1924	1,930,000	4,693,240	1,598,429	82.44
Lithuania.....	Sept. 22, 1924	6,030,000	14,531,940	4,972,364	82.46
Poland.....	Nov. 14, 1924	178,560,000	435,687,550	146,989,791	82.30
Latvia.....	Sept. 24, 1925	5,775,000	13,958,635	4,760,424	82.36
Czechoslovakia.....	Oct. 13, 1925	115,000,000	312,811,439	92,167,514	80.15
Estonia.....	Oct. 28, 1925	13,830,000	33,331,140	11,404,289	82.46
Rumania.....	Dec. 4, 1925	44,590,000	122,506,200	35,343,429	79.26
Yugoslavia.....	May 2, 1926	62,850,000	95,177,635	20,236,000	32.21
Total.....		11,521,574,000	22,143,512,997	6,886,608,491	59.77

<sup>1</sup> Computed by the Treasury Department.

It will be observed that Great Britain, France, and Italy, which countries are our principal competitors in maritime affairs, profited handsomely by the funding of their debts. For these three countries the difference between the amount of the debt as funded and the present worth of payments at the time of funding is \$4,330,234,915. A very liberal estimate of the cost of vessels constructed by these three countries since 1922 is \$2,000,000,000. There remains an additional \$2,000,000,000 for expenditures unknown.

The amendments I have outlined give no more to the private owner than would be given to the Government. There is, however, this advantage: Under private operation, at the end of 20 years, the original cost of construction has been repaid to the marine security fund from private sources, as compared to reimbursement by the Government, coming from a public source, the United States Treasury.

Surely the time has arrived to rehabilitate industries so vital and indispensable as our shipbuilding and shipping, to make it possible to successfully compete with the very ships American dollars enabled our competitors to build.

My proposal only asks that the American merchant marine be accorded the same treatment extended to our competitors. Action is imperative. It is now a matter of self-preservation. The issue is one which not only affects our prosperity and security, but the very destiny of these United States.

Gentlemen, I thank you. [Applause.]

The CHAIRMAN. The time of the gentleman from Indiana has again expired.

Mr. DAVIS. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. Briggs].

The CHAIRMAN. The gentleman from Texas is recognized for 20 minutes.

Mr. BRIGGS. Mr. Chairman and gentlemen of the committee, I do not think any subject before the American people is fraught with more concern to their interest than the subject of the American merchant marine. I do not think that there has ever been a greater lack of information indicated as to what the fleet which America now possesses is worth than that which obtains in many circles to-day regarding the American merchant marine.

Many people are prone to think that the great construction program of ships during the World War resulted in little or no benefit to the American people. The facts are that for the first two years after their construction they earned \$500,000,000.

The further fact is true that had it not been for the existence of the ships of the United States since the World War the American people would have paid out in increased freight rates probably a billion dollars more than they have paid. That alone would disclose a billion and a half return to the people for the \$3,000,000,000 they have expended in the construction of the ships.

But more than that, the United States upon the close of the World War and, particularly, directly after the World War, found for a long time the utmost difficulty in getting adequate tonnage, even with the new ships, to move the commerce desired by the foreign countries of the world. Tonnage rates were exceedingly high, and the United States employed the bulk of its fleet in that service. But in the year 1920 the crisis came in ocean rates. Shipping became demoralized, because commerce became demoralized. Commerce on the high seas declined to such an extent that there was a vastly greater amount of tonnage than there was available cargo or any demand for tonnage.

The result was that ocean rates fell practically below the cost of operation; and a world-wide demoralization of rates, experienced by all nations, resulted, and still continues to be felt, even though conditions have recently improved.

The United States Government was operating its fleet several years ago at a deficit, if you choose to call it such, of approximately \$50,000,000 a year. The statement by the Fleet Corporation for last year reflected the fact that such deficit was practically reduced to \$13,600,000. The reduction in operating deficits therefore is approximately \$36,400,000.

What has the fleet accomplished in addition to those things to which I have already called attention and which graphically illustrate the constant value of an American merchant marine to the American people? In 1924 there was a tremendous scarcity of tonnage. A great deal of the foreign tramp tonnage, so-called, which comes into our ports to carry cargoes of a seasonal character from the United States to different parts of the world, was not available. It was being utilized by its own countries for emergency uses. What happened? An appeal had to be made for the United States to put into service additional ships. Why? Because producers, and particularly the wheat and cotton growers of this Nation, could not move

their exportable surplus from the United States to the foreign countries that wanted that surplus. They could not get the tonnage to do it.

Representations were made to the President of the United States for the purpose of securing his authorization for the use of extra ships. The President gave that authorization and ships were put into service at an additional cost to the Government of about three-quarters of a million dollars. The testimony of the Secretary of Commerce before the House Merchant Marine Committee subsequently disclosed the fact that in providing that tonnage and lifting that exportable surplus of wheat alone from the American market caused wheat to rebound from \$1 a bushel to \$1.65 a bushel, and resulted in an increase in the market price of the wheat crop of the United States of about \$650,000,000. So you can add that item to the benefits of the American merchant marine. Undoubtedly such extra American ships also saved millions to the cotton and other producers, agricultural and industrial, shipping to foreign markets.

In 1926, during the great British coal strike, we had another instance of inability to get ships to move the seasonal commerce of this country—cotton, grain, and its products, manufactured commodities and coal. What was the result? The Government put into service 100 extra ships from its idle fleet, and they moved the commerce of the United States to the markets of the world, when and where the people wanted that commerce; for, mind you, the wants of the people for certain products are not always a constant quantity. Those wants are often acute at a time when people are not able to buy the same products in other world markets, so that they must come to the United States to get those products. If you do not move them when they want them, or if you wait until commodities of a similar character are available in other countries, you have severe competition, and as a result there is serious difficulty in selling, or often an inability to sell, your products in foreign markets. The result was that by putting those 100 extra ships into the service of the United States to move cotton, grain, and the products therefrom, as well as other agricultural and manufactured products of this Nation, the American people benefited to the extent of approximately a quarter of a billion dollars. So with the fleet, or a large part of it, still existent, you have already had placed before you financial returns from it to the American people of at least two billion five hundred million, and probably as much as two billion seven hundred and fifty million, a sum almost equaling the cost of the original fleet.

Now, it is perfectly true that the trend to-day is toward faster and speedier ships. It is perfectly true that the ships you have are good ships so far as they go. Practically every witness that came before the Merchant Marine Committee testified to the worth of the great majority of the ships which the United States owns. Of the original 2,500 vessels owned by the United States, we have sold about 1,700 at a return of approximately \$300,000,000.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. BRIGGS. Yes.

Mr. VINSON of Kentucky. In respect of the sale of ships by the Shipping Board what is the usual term of restricted use?

Mr. BRIGGS. You mean the five-year period?

Mr. VINSON of Kentucky. Is it a five-year period?

Mr. BRIGGS. Usually.

Mr. VINSON of Kentucky. Has there been any effort made to change the period?

Mr. BRIGGS. Well, there was a very decided effort made, I think, in the Shipping Board itself, and there was quite a wide difference of opinion prevailing there with regard to whether the contract of sale of the lines on the Pacific coast should provide for 5 or 10 year operation of such lines under the American flag. The determination of that question tied up the Shipping Board a long time, but it made an adjustment in some way and finally provided for a five-year period.

Mr. VINSON of Kentucky. The restricted use period, then, is not statutory, but it is subject to the action of the Shipping Board?

Mr. BRIGGS. That is it under existing law. But the proposed bill before you provides that during the life of the loan period of 20 years, for the construction of new ships, such ships must remain and continue in operation under the American flag.

Mr. BLAND. And if reconditioned, for five years?

Mr. BRIGGS. Yes; if they borrow money for that purpose, they must operate the ships under the American flag for not less than five years.

The United States owns to-day approximately 800 ships, and about 268 or 270 of them are in actual operation. Of course, during the movement of seasonal crops more American vessels are employed than at other times. At that time the number will probably run in excess of 300 or 350, according to the de-



mand and the scarcity of other tonnage, as well as the competition which develops.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. BRIGGS. Yes.

Mr. SHALLENBERGER. When these new ships are called into service by seasonal demands are they operated by the Government directly or are they leased to private operators?

Mr. BRIGGS. The Government usually operates them under what is known as managing operators' agreements. That is the way practically all of these vessels are operated except the United States passenger line, which is practically operated directly by the Government.

Now, the question before the American people to-day is whether we are going to retain and strengthen our place on the high seas and enjoy and increase the advantages which I have pointed out to you. The question is whether we are to hold not only the position we now command, and command only through the possession of our own fleet, but to provide for necessary expansion and development. That is the problem which has confronted the Nation for some time, and your committee has worked most earnestly to obtain a solution of that problem. It believes it has done so.

We believe in presenting this measure before you, while it is perhaps not an ideal measure, while it has been give and take to a very large extent, and the result of compromises, yet you have a measure here that will operate not only to materially benefit the American merchant marine but make possible its permanence and success.

It provides for the continuance under the Shipping Board of the existing trade routes and services operated by the Fleet Corporation until those trade routes and services are taken over by purchasers and privately operated.

It also makes the cargo carrier, as well as the passenger ship, eligible for mail contracts where such cargo vessel has at least a speed of 10 knots an hour and a tonnage of 2,500 gross tons.

The incentive to private ownership and operation is still further indicated when it is pointed out that serviceable, well-built ships of modern construction can be purchased by Americans from the fleet of the Shipping Board at a cost at least 250 per cent below the cost of replacement anywhere, and the purchaser thereby obtains a substantial reduction and aid in his capital investment.

Provision is also made for an increase in American seamen in crews, though it does not go as far as I should like to have it do. I look forward to the day when American ships are both completely owned and manned by Americans.

It also provides for an extension of insurance relief and other aid.

The bill invokes no new principle of Federal policy. The principles applied in the bill are all recognized and contained in existing law, and have simply been liberalized in return for added service to the people. The representatives of the Post Office Department testified that the postal receipts would cover the expense of mail contracts.

You have in it a doubling of the existing construction loan fund, which provides money at rates of interest at which the Government itself might borrow. It means no gift of the money. It is a loan of the money with good security on the ship, and with such additional security as the Shipping Board may require to insure the return or the repayment of the sums advanced.

Mr. MOORE of Virginia. May I interrupt the gentleman?

Mr. BRIGGS. Certainly.

Mr. MOORE of Virginia. Under the bill will not the American shipbuilder or the American shipowner be at an advantage in respect of the interest on the loan as compared with the British shipbuilder or shipowner?

Mr. BRIGGS. Most assuredly. This bill provides that the money may be obtained where the ship goes into foreign trade at the current rates of interest or the lowest rates of interest at which the Government may borrow the money. It means no loss to the people, but it gives ship operators and builders a very low rate of interest. The British have a fund along much the same line, but they require a rate of interest of approximately 5 per cent.

Mr. SHALLENBERGER. If I may interrupt, I understood the gentleman from Indiana to indicate that the money might be advanced without interest. Was that under his amendment?

Mr. BRIGGS. I do not know. That is not the committee bill. This bill is presented to you for adoption by this House upon the basis of a loan with an interest rate which shall not subject the Government of the United States to any loss, and yet gives to the ship owner or operator the benefit of very low rates of interest, and for that reason, even with reference to differences which may obtain in construction costs at home

and abroad, the American builder of ships will by the use of this fund have a 2 per cent advantage in the loan rate over a period of 20 years.

Mr. GREEN. Will the gentleman yield?

Mr. BRIGGS. Yes.

Mr. GREEN. I understand our merchant marine is not self-sustaining, and I was wondering about what the annual deficit has been for the last two or three years.

Mr. BRIGGS. I endeavored to explain a moment ago that that has been reduced from \$50,000,000 to almost \$13,000,000 a year.

Mr. GREEN. Is it hoped by the committee or does it appear that we may eventually wipe out that deficit?

Mr. BRIGGS. It is confidently expected. This committee reaffirms the policy of the act of 1920, that it ultimately hopes for private ownership and private operation of the American merchant marine, but until that time the American people are going to keep their fleets upon the high seas and operate their trade routes, if they have to do it, under the existing situation.

This is one of the most important things, it seems to me, that should be understood not only at home, but should be understood abroad—that the United States does not mean to relinquish its American merchant marine; that it is not a temporary affair. We have stricken from the name of the Fleet Corporation the word "Emergency" and we now call it the United States Shipping Board Merchant Fleet Corporation. This bill intends to serve notice that the United States is on the high seas to stay; that it is going to have vessels of a modern and well-balanced type to carry its cargoes; that it is not going to be as it was in 1914, practically without a ship to carry its commodities abroad and into the world markets, having to pay to foreign ships an increased freight cost of approximately \$5,000,000,000.

Mr. GREEN. Will the gentleman yield for a question there? I am asking this for information.

Mr. BRIGGS. Yes; that is what I am trying to give the committee.

Mr. GREEN. I understand the tonnage carried in American vessels has been decreasing in proportion to the amount carried by foreign vessels. By maintaining the merchant marine, does the gentleman, as a member of the committee, think this will have a tendency to have more of America's commerce carried in American vessels?

Mr. BRIGGS. Yes; and not only by maintaining it, but by developing in the United States a feeling of, "Let us do something for our own ships by shipping much more of our own commerce in and by traveling more on our own ships." [Applause.]

This bill provides that Government officials while on Government business shall travel on American ships where those ships are available.

Mr. Farrell, the president of the United States Steel Corporation, said that the greatest aid which the American merchant marine could have would be the support of the American people.

It came to my attention not a great while ago that one of the most difficult situations with which the United States ships still have to contend is the lack of sufficient import cargo. We carry a much larger proportion of exports than imports. This is what reduces the levels in the amount of cargo carried. We find that some importers will not utilize the American ships, although they can get the same service on the same terms as foreign ships provide; perhaps because such importers have not had their attention sufficiently directed to the situation. Americans should at least give the American ships an even break in the matter and let the American merchant marine reduce some of its operating losses and provide for the carriage of a greater share of commerce throughout the world for the American Nation.

Mr. McDUFFIE. May I interrupt the gentleman?

Mr. BRIGGS. Certainly.

Mr. McDUFFIE. I understood the gentleman from Indiana [Mr. Wood] to say that a ship costing \$1,000,000 in an American shipyard could be constructed in a British shipyard for \$600,000. This is quite a difference—nearly \$400,000, if I remember his figures correctly. Does the gentleman think under the provisions of this bill we are meeting that difference or that we can meet the difference so as to put the man who wants to invest his capital in ships on a parity with the British ship operator?

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. DAVIS. Mr. Chairman, I yield the gentleman 10 minutes more.

Mr. SHALLENBERGER. Will the gentleman yield there?

Mr. BRIGGS. Certainly.

Mr. SHALLENBERGER. I made some computations here while the gentleman from Indiana was talking to us dealing directly with what the gentleman from Alabama [Mr. McDUFFIE] has referred to. The difference in construction cost, as I figured it, is \$365,000 in favor of the English builder, and you propose a saving of 2 per cent to the American builder.

Mr. BRIGGS. Over a period of 20 years.

Mr. SHALLENBERGER. Which is \$400,000, so that the saving under your bill amounts to more than the difference in cost.

Mr. BRIGGS. That is exactly what I was getting ready to explain.

Mr. McDUFFIE. The Britisher borrows money now—

Mr. BRIGGS. But he borrows it at 5 per cent.

Mr. McDUFFIE. And you propose to have the American Government lend to the American shipbuilder or ship operator money at 3 per cent.

Mr. BRIGGS. At the current rate the United States may borrow it, probably 3 per cent, so the Government does not stand to lose anything on the transaction. I want to say to the people and to the membership of this committee of the House that to my mind this measure is capable of solving one of the most difficult problems we have ever had and solving it without burdening the American people or stifling initiative. We believe it will bring success.

Shipbuilders and ship operators who appeared before our committee indicated that they felt that such a measure as we have reported would make a success of American operation and of a privately owned and operated American merchant marine.

Of course, you must bear in mind that the success of any undertaking depends very much on the support it receives. The gentleman from Florida [Mr. GREEN] called attention to the decline in the amount of cargo that the United States vessels carry in foreign trade. The United States carries probably 34 per cent of the exports and imports in ocean trade; that does not include the Great Lakes. The rest of such commerce is carried in foreign vessels. It is not true that the United States could not carry more; but if it did, it would carry more at a resulting deficit.

Mr. MONTAGUE. Will the gentleman yield?

Mr. BRIGGS. Yes.

Mr. MONTAGUE. By ocean trade the gentleman means from the United States and to the United States. The gentleman is not dealing with the world ocean trade?

Mr. BRIGGS. I mean from the ports of the United States to foreign ports and back to the United States. I do not include the Great Lakes.

Mr. SOMERS of New York. Will the gentleman yield?

Mr. BRIGGS. Certainly.

Mr. SOMERS of New York. Is it not true that a study of the history of the American merchant marine reveals the fact that wherever conditions were equal the American merchant marine grew faster than any other?

Mr. BRIGGS. That is true. I want to call attention to the fact that from 1908 to 1914 the United States carried less, with the exception of one year, than 10 per cent of the volume of commerce of the United States in foreign trade. In carrying 34 per cent now we have made a tremendous advance from that period—an advance of nearly 350 per cent. But we ought to carry more. This bill is intended and designed that that shall be the result and to give that benefit without putting a tax on the people—it gives such benefit to the American merchant marine as will encourage it to build faster and better vessels, and also enable it to compete more successfully with the ships of foreign nations.

Mr. BLAND. Will the gentleman yield?

Mr. BRIGGS. I will.

Mr. BLAND. Is it not a fact that at one time the cotton of the South could not be shipped because the foreign ships were involved in other service?

Mr. BRIGGS. It was so in the World War when the cotton of the South was piled up in warehouses and yet the world wanted cotton, but there was not tonnage available to move it.

Mr. SHALLENBERGER. And the price of cotton fell to 6 cents a pound?

Mr. BRIGGS. Of course, it did. The fact that we had no ocean transportation resulted in a loss of hundreds of millions to the cotton farmers of the South and the manufacturers as well.

Mr. GREEN. If the gentleman will yield, I am glad to know that the committee has worked out this problem as well as it has, and I hope it will continue to work to the end that our ships may be built at home, and that we can carry more of American commerce.

Mr. BRIGGS. Now, I want to call attention to another thing, and that is that, after all, the heart of the whole situation is in the fact that you must have a market for your com-

modities either at home or abroad. You must have a market for the things you produce and you must have ships to carry your goods. The United States has been going into the world market more and more. Since the World War our water-borne foreign commerce has increased from 81,824,834 long tons in 1921 to 112,825,756 tons in 1926, or 37.9 per cent. The value has increased from \$6,888,000,000, in round numbers, in 1921, to \$9,142,000,000 in 1926. From 1921 to 1926 an average of 55.9 per cent of the cotton crop was exported to foreign markets; 27.3 per cent of the wheat crop, 47.6 per cent of the rye crop, and 26 per cent of the rice crop were also exported and consumed in foreign markets.

The same is true to a very large extent of other commodities. If you do not have the ships to carry those things when you need them, and you have to compete among the foreign ships for a limited amount of space, you are bound to pay vastly increased freight rates. The bill America now pays, as the gentleman from Indiana [Mr. WOOD] called attention to a few moments ago, averages over \$700,000,000 a year in ocean freight rates alone, and the average from 1921 to 1926 was about \$600,000,000 a year. As I have explained, if you had had only a 25 per cent increase in your ocean freight rates for that period of time, it would have added \$150,000,000 a year that the American producer would have had to pay, and it would have amounted to approximately \$900,000,000 in that period from 1921 to 1926.

Mr. Chairman, this bill may not be all everybody hopes for. We have attempted with the Senate bill which was presented to us to work out something we feel everybody could support, that would not be obnoxious to the American people, and would preserve to the American people their great fleet; that would not destroy, but preserve it; that not only will do that, but enable the American fleet to be added to in private operation by private operators, with fine modern ships, to compete with the foreign ships that are being constructed, and to which attention was so vividly called by the gentleman from Indiana [Mr. WOOD]. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WHITE of Maine. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. GIFFORD]. [Applause.]

Mr. GIFFORD. Mr. Chairman, I entered this House in November, 1922. The President had just called a special session of Congress to consider the passage of a ship subsidy bill. We were informed that our merchant marine was losing \$50,000,000 a year and that a bill would be presented to us under the provisions of which the cost to the Government would be only about \$30,000,000; that we had built a fleet during the war at a cost of \$3,400,000,000, and that in that year of 1922 it was worth not over \$400,000,000 and was eating its head off at the rate of \$1,000,000 per day. That was a direct subsidy bill, and we went so far in our anxiety to correct the situation that we passed legislation containing a clause requiring that half of our immigrants should be brought here in United States vessels, despite the fact that was in direct conflict with 32 existing treaties with foreign nations. Under that act we were willing to give \$15,000,000 direct compensating aid for losses. We were willing to grant \$7,000,000 in tax exemptions. That subsidy bill of 1922 was passed by the House by a fair majority and there were sufficient votes in the other branch to have passed it had not a vote thereon been prevented by a filibuster. As I have said, the bill provided for aids estimated at \$30,000,000 per year. It also provided that insurance be undertaken by the Government when necessary in order to meet competing rates established by foreign companies. There was a provision that the Navy should employ the merchant marine for its transportation purposes. The provisions of that direct subsidy bill plainly proved that the Nation demanded that an end be put to the annual loss of \$50,000,000 incurred under Government operation and that we should directly assist a private merchant marine at an expenditure of not more than \$30,000,000.

The United States Shipping Board has recently held meetings in various parts of the country and has reported that the Nation is unanimously in favor of a merchant marine, and one privately owned, if possible. The United States Chamber of Commerce has reported the same result from its questionnaires. Congress should show itself responsive to this general demand, and it is hoped that the bill which we now have before us for consideration will accomplish the desired result. Most of the Government-owned vessels are already operated by private companies, and we are paying these agents not only their commission on the freight rates but for the losses arising from such operation to an amount which is estimated at \$1.48 per ton. Including in the estimate depreciation, rents, interest, and the difference in insurance rates, these losses from operation and care of the fleet amount to nearly \$20,000,000 yearly. It is fur-



ther believed that the enactment of this bill would obviate the necessity of the Government entering on a further shipbuilding program. There is certainly sufficient capital in this country which would be attracted to this type of investment if a fair return were assured thereon.

New ships can not, however, be built at the price which would have to be paid in America without Government aid. This bill provides for loans to the extent of 75 per cent of the cost of construction and equipment at the current Government rates of interest. It is estimated that the consequent saving in interest charges over a period of 20 years would take care of the difference in the cost of building here in America and that the liberal mail contracts provided for by this bill should overcome the difference in operating expenses.

I wish to read this paragraph. In 1902 Great Britain through its admiralty loaned for a period of 20 years, at 2½ per cent, all the money required to build the 25-knot ships—the *Lusitania* and the *Mauretania*. It gave them a 20-year naval subvention of the equivalent of \$735,000 annually, to which the post office added a 25-year mail contract in the sum of \$330,000 per year.

The paragraph then goes on to show that these two vessels paid back every penny of that money, and that if the *Lusitania* had not been sunk they would have made a profit of about \$5,000,000.

Owing to the new building programs of foreign nations, and the liberal subventions granted by their governments, up-to-date and much faster ships of greater utility are now needed by the United States in order that we may be successful competitors. The vital question now is whether—and if so, under what conditions—we should begin the work of new construction? The country has declared itself against Government operation. In order to assure the accomplishment of new shipbuilding by private concerns we must be fair-minded and liberal. The Shipping Board is the agency which seems to hold the fate of this great problem in its control. We have made it our bankers and it is authorized to loan our money, even at a considerable risk, to accomplish the purposes provided in the act. Some losses should be regarded as justified if by sustaining them we can be of assistance to the Naval Establishment upon which we expend \$400,000,000 per year.

During the last six years our foreign competitors have built new vessels to the extent of from six to eight million tons, which is three times what the Shipping Board and all other American companies have engaged in foreign trade. During those six years we have not built a single ship to engage in foreign commerce. We must meet this competition of newer, larger, and faster ships, and we must do it under private operation. This can be accomplished only through liberal assistance from the Government.

It is confidently believed that the passage of this bill will result in the building of ships and the raising of our present fleet to a higher level of competitive efficiency. It will mean new prosperity for our shipyards and for the many lines of industry which contribute to the various phases of shipbuilding.

Our Shipping Board should take into consideration the foreign steamship affiliations of such persons as criticize the activities and plans of the board, or of any proposals advanced to upbuild our merchant marine. We must realize that capital provided by our own citizens is invested in foreign shipping and that many of those foreign lines are represented by American agents who have much influence in the shipping world. The seven members of our Shipping Board—two each from the Atlantic and Pacific coasts and one from the Gulf coast, Great Lakes, and agricultural sections of the country—have within their control the policy which will mean encouragement or discouragement to the patriotic and enthusiastic persons who, if this bill is enacted, will be willing to embark upon a new shipbuilding era and create ships which will be privately owned and privately operated.

Extreme interest is now being shown in the North Atlantic route which to-day is used almost exclusively by foreign vessels. Of the 18 monster steamships in operation we have practically only one—the *Leviathan*—and she is not making the maximum number of trips per year. Her sailings are irregular and do not have proper supplementary service.

Mr. COX. Will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. COX. The observation has been made that there are discriminations against us, in the way of insurance and patronage, and so forth, because of the inadequate condition of the ships. Does not the statement that the gentleman has just made argue that even if our ships were in condition to put them on a parity with foreign ships, they still would not get the traffic?

Mr. GIFFORD. I do not think that is the trouble in the case of the *Leviathan*. Inasmuch as she is Government owned and operated I do not believe that argument applies.

Our imagination is fired by the bold and daring proposition of the Trans-Oceanic Co., whose proposal is to build six monster ships of greater speed and efficiency than any vessel now afloat. The shipping world has been startled before when similar proposals were made, and it is always a difficult task for the proponents of big, unproven projects to convince those who hold the control of finances that they should be approved and the necessary funds provided. The Shipping Board has recently reported unfavorably on the plan of the Trans-Oceanic Co. to the Senate. However, I see in its report no suggestion to the effect that this plan would not be a so-called essential service. It would almost seem that the North Atlantic business has become the most essential of services. If you will read the hearings held by our committee you will find that this company presented convincing reports from some of our greatest engineers, both from the construction and the operation standpoint. There were also reports from those highly qualified in the subject of economics which set forth the probable success of such operation. The report of the engineers and authorities representing the Shipping Board was diametrically opposed to those submitted by the company. It is our desire that the Shipping Board should be open-minded, keeping this proposition before it and granting sufficient hearings before it expresses its complete disapproval of the plan.

Since the greatest speed requirements of the present day have been met in the construction of naval vessels, such as the *Saratoga*, it necessarily follows that merchant ships can likewise be built having equal speed. Long and painstaking experimental work, both before and during construction, is always necessary, and construction plans having an absolute certainty of success naturally could not be ready for presentation at this time. It is my belief that our Government should cooperate, as did the Government of Great Britain in the building of the *Lusitania* and *Mauretania*, vessels which at that time were as revolutionary as those now proposed under the plan of the Trans-Oceanic Co. It has been suggested that, acting on the order adopted by the Senate, the Shipping Board report on this proposition as the experts for both parties have not consulted together, and that the previous report was premature. I appeal for a most careful reconsideration of the matter and trust that the Shipping Board will be fair-minded and give this company the fullest opportunity which it may desire to present its case through the medium of its expert advisors. It is true that in this case the radical departure of building ships with speed increased from 25 to 33 knots an hour must have most careful consideration, but I feel that the Shipping Board should be ready to give its sympathetic cooperation in determining the matter.

Seventy per cent of the North Atlantic business is American and if a four-day service at regular intervals can be inaugurated the proponents thereof should have every right to believe that they will receive, from patriotic citizens and the traveling public which will certainly welcome the saving in time, a sufficient amount of business to warrant the undertaking. Cold figures, based upon the present amount of business with a suggested normal increase of 2½ per cent each year should be convincing, even without taking into consideration the sentimental and patriotic factors which should induce our people to use this service. The financial responsibility of the new company, judged by the names of those who are, or will be, identified with the project should also be sufficient.

Speaking in the Senate recently, Senator BINGHAM devoted a great deal of attention to this matter, and spread at some length upon the record the names and standing of those identified with the company, thereby assuring us that from a financial standpoint the project was entirely feasible. At this time the Shipping Board may well give its attention to the determination of the question whether or not this would be an essential service. Under the very liberal construction of the act of 1920 and the present bill it is allowed great freedom. These acts even provide that it shall take the moral hazard into consideration. In fact, the act expressly recites that it shall loan money on vessels of the newest and most up to date types of construction. The Shipping Board's decision will be of tremendous importance to the country, and we must demand of it the strongest and most sincere efforts to place the entire merchant marine in the hands of private operators as soon as feasible, and to encourage any and all honest attempts of our citizens to build up that merchant marine, not only to meet our foreign competitors on a parity but to outstrip them in this highly competitive race.

We should consider the subject in a large way; we can afford to take chances in a business which is already losing money.

I told the chairman of our committee that I should devote the time allotted to me principally to this proposal for a North Atlantic service, since I believe that if this can be made effective the shipping problems of this country will be solved. We would be a "ship-minded" nation. I wish to call attention to the last few lines of the adverse report made by the United States Shipping Board. "They—the board—are prepared to state to the Senate how this can be accomplished." In closing I desire to say that when the board's plan is presented to the Senate and the Congress of the United States I trust that it will not of necessity be one for Government operation, but will rather be a plan for an American merchant marine privately owned and privately operated. [Applause.]

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The gentleman yields back two minutes.

#### MESSAGE FROM THE PRESIDENT

The committee informally rose; and the Speaker having resumed the chair, a message in writing from the President of the United States was presented to the House of Representatives, by Mr. Latta, one of his secretaries, who also announced that on the following dates the President approved and signed bills and resolutions of the House of the following titles:

On April 28, 1928:

H. R. 7722. An act authorizing the health officer of the District of Columbia to issue a permit for the opening of the grave containing the remains of the late Nellie Richards.

On April 30, 1928:

H. R. 6103. An act to amend an act entitled "An act making appropriations for sundry civil expenses of the Government for fiscal year ending June 30, 1884," and for other purposes.

On May 1, 1928:

H. R. 484. An act to amend section 10 of the plant quarantine act, approved August 20, 1912;

H. R. 4068. An act for the relief of the Majestic Hotel, Lake Charles, La., and of Lieut. R. T. Cronau, United States Army;

H. R. 4126. An act authorizing the Secretary of the Interior to issue a patent to Katie Cassidy for a certain tract of land;

H. R. 7184. An act authorizing J. L. Rowan, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Ohio River at or near Shawneetown, Ill.;

H. R. 9485. An act authorizing Roy Clippinger, Ulys Pyle, Edgar Leathers, Groves K. Flescher, Carmen Flescher, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Wabash River at or near McGregors Ferry in White County, Ill.;

H. R. 11212. An act authorizing Paul Leupp, his heirs, legal representatives, or assigns, to construct, maintain, and operate a bridge across the Missouri River at or near Stanton, N. Dak.;

H. R. 11265. An act authorizing the Cabin Creek Kanawha Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Kanawha River at or near Cabin Creek, W. Va.;

H. R. 11266. An act authorizing the St. Albans Nitro Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Kanawha River at or near St. Albans, Kanawha County, W. Va.;

H. R. 11267. An act granting the consent of Congress to the board of county commissioners of Itasca County, Minn., to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the road between the villages of Cohasset and Deer River, Minn.;

H. R. 11279. An act authorizing the Postmaster General to establish a uniform system of registration of mail matter, and for other purposes;

H. R. 11356. An act authorizing the State of Indiana to construct, maintain, and operate a toll bridge across the Ohio River at or near Rockport, Ind.;

H. R. 11473. An act granting the consent of Congress to the States of North Dakota and Minnesota to construct, maintain, and operate a bridge across the Red River of the North at Fargo, N. Dak.;

H. R. 11578. An act authorizing the B & P Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande River at or near Weslaco, Tex.;

H. R. 11583. An act granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across the White River at or near Cotter, Ark.;

H. R. 11625. An act granting the consent of Congress to the State of Montana, Valley County, Mont., and Garfield County, Mont., or to any or either of them, jointly or severally, to construct, maintain, and operate a bridge across the Missouri River at or near Glasgow, Mont.; and

H. J. Res. 152. Joint resolution authorizing and requesting the President to extend invitations to foreign governments to be represented by delegates at the International Congress of Entomology to be held in the United States in 1928.

On May 2, 1928:

H. R. 11478. An act to amend an act to allot lands to children on the Crow Reservation, Mont.;

H. R. 13331. An act to authorize the President to present the distinguished-flying cross to Col. Francesco de Pinedo, Dieudonne Costes, Joseph LeBrix, Ehrenfried Gunther von Huenefeld, James C. FitzMaurice, and Hermann Koehl; and

H. J. Res. 239. Joint resolution authorizing the erection in the District of Columbia of a monument in memory of Peter Muhlenberg.

On May 3, 1928:

H. R. 2654. An act for the relief of Anton Anderson;

H. R. 6862. An act authorizing and directing the Secretary of the Interior to investigate, hear, and determine the claims of individual members of the Sioux Tribe of Indians against tribal funds or against the United States;

H. R. 8487. An act to adjudicate the claims of homestead settlers on the drained Mud Lake bottom, in the State of Minnesota;

H. R. 9047. An act to authorize appropriations for the construction of roads at the Presidio of San Francisco, Calif.;

H. R. 9569. An act authorizing the payment of an indemnity to the British Government on account of the death of Reginald Ethelbert Myrie, alleged to have been killed in the Panama Canal Zone on February 5, 1921, by a United States Army motor truck;

H. R. 12179. An act to provide for the reimbursement of the Government of Great Britain on account of certain sums expended by the British chaplain in Moscow, the Rev. F. North, for the relief of American nationals in Russia in 1920;

H. R. 11764. An act conferring jurisdiction upon the Court of Claims of the United States or the district courts of the United States to hear, adjudicate, and enter judgment on the claim of A. Roy Knabenshue against the United States for the use or manufacture of an invention of A. Roy Knabenshue, covered by Letters Patent No. 858875, issued by the Patent Office of the United States under date of July 2, 1907;

H. J. Res. 145. Joint resolution to provide for the payment of an indemnity to the Chinese Government for the death of Chang Lin and Tong Huan Yah, alleged to have been killed by members of the armed forces of the United States;

H. J. Res. 146. Joint resolution to provide for the payment of an indemnity to the Dominican Republic for the death of Juan Soriano, who was killed by the landing of an airplane belonging to the United States Marine Corps;

H. J. Res. 147. Joint resolution for the relief of the estate of the late Max D. Kirjassoff;

H. J. Res. 148. Joint resolution to provide for the payment of an indemnity to the British Government to compensate the dependents of Edwin Tucker, a British subject, alleged to have been killed by a United States Army ambulance in Colon, Panama;

H. J. Res. 149. Joint resolution to authorize an appropriation for the compensation of William Wiseman;

H. J. Res. 150. Joint resolution to provide for the payment of an indemnity to the Government of the Netherlands for compensation for personal injuries sustained by two Netherlands subjects, Arend Kamp and Francis Gort, while the U. S. S. *Canibab* was loading on May 1, 1919, at Rotterdam;

H. J. Res. 151. Joint resolution to provide for payment of the claim of the Government of China for compensation of Sun Jui-chin for injuries resulting from an assault on him by a private in the United States Marine Corps;

H. J. Res. 230. Joint resolution to provide for the membership of the United States in the American International Institute for the Protection of Childhood; and

H. J. Res. 262. Joint resolution requesting the President to extend to the Republics of America an invitation to attend a conference of conciliation and arbitration to be held at Washington during 1928 or 1929.

On May 4, 1928:

H. R. 12320. An act to amend the longshoremen's and harbor workers' compensation act.

#### AMERICAN MERCHANT MARINE

The committee resumed its session.

Mr. DAVIS. Mr. Chairman, I yield 15 minutes to the gentleman from North Carolina [Mr. ABERNETHY].

The CHAIRMAN. The gentleman from North Carolina is recognized for 15 minutes.

Mr. ABERNETHY. Mr. Chairman and members of the committee, before proceeding I want to thank the able chairman of



the Committee on the Merchant Marine and Fisheries for the admirable manner in which he has handled the matter before the committee and the amiable spirit of compromise and accommodation which he has observed throughout the progress of the hearings and in the consideration of the bill. I also want to thank the ranking member on the minority side of the committee, the gentleman from Tennessee [Mr. DAVIS], for his attitude, and also the other members of the committee.

I listened with a great deal of interest to the address by the distinguished gentleman from Indiana [Mr. Wood], and I was glad to hear him say that while he had certain amendments which he proposed to offer to this bill, yet he thought the bill was a great constructive measure and he would support it, regardless of whether his amendments were adopted or not.

This bill which has been brought out here is a composite bill. It did not go as far as any individual member of the committee would like it to go, but there has been a unanimous approval of all the items of the bill, and we find it one of the most constructive pieces of legislation ever presented to the Congress of the United States, coming in here without one scintilla of opposition from any member of the committee.

I believe, ladies and gentlemen of the House, that if this bill becomes a law we shall have an adequate merchant marine in the future for America, and it will be the most outstanding accomplishment that has ever been put through Congress. I say that advisedly. I do not want to raise any controversy here this afternoon, when everything is running on smoothly. It is not desirable that we should raise any controversy under such circumstances, and I do not propose to do that.

Mr. O'CONNOR of New York. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. Yes.

Mr. O'CONNOR of New York. Is not that always regarded as somewhat suspicious?

Mr. ABERNETHY. Not in this instance, because the personnel of the committee is such that it would obviate that suspicion.

I have heard in the running debate here a great many questions asked as to what was the trouble with American shipping. I have listened to the hearings on this matter and have attended the hearings in most instances, and have heard various witnesses representing the shipping interests, and the farming interests, and the American Federation of Labor, and the United States Chamber of Commerce, and the syndicates representing the insurance interests of the country engaged in marine insurance; and other business interests generally present their views on this matter; and when we went into the consideration of the bill we had the Jones bill from the Senate and the White bill from the House; and we had the Wood bill from the House and we had the Wainwright bill. But now we have taken all those bills and brought in a composite bill which we claim represents every interest of the country. It is a very unusual thing that we should have the entire and unanimous approval of every member of the committee, and we are assured that this bill will become a law, because we feel certain that when it goes to the other body that body will approve it and the President will sign it.

Mr. COLE of Iowa. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. Yes.

Mr. COLE of Iowa. A moment ago the gentleman asked what is the matter with the American shipping. Is it not because of the high cost of building the ships, in the first instance, and then the high cost of operating the ships?

If you want to put American shipping on the map, will it not be necessary for some McNary-Haugen contrivance to equalize the cost of operating ships under the American flag and operating them under other flags; and if we want American shipping to be successful, will it not be necessary for us to go in and pay the difference in the costs of operation?

Mr. ABERNETHY. I want to say in answer to the gentleman that there is no equalization fee in this bill, and I am glad there is not, because that seems to be a very much controverted question in the country at the present time. But if the gentleman wants to know from me what I think the trouble is with American shipping, it is that there is too much British domination of our shipping in the country. That is what is the trouble. I did not want to say that, but it is the fact. If you want to know what I think about it, I think America must wake up to the fact that America must run its own ships, and it must operate them under the American flag and not have them under the influence of any foreign nation. That, I think, will solve the problem.

Mr. COLE of Iowa. Will the gentleman yield for one more question?

Mr. ABERNETHY. I will be glad to yield.

Mr. COLE of Iowa. In order to do that, will it not be necessary for us to do something along the line I have suggested? I used the phrase "McNary-Haugen" only as an illustration. But will it not be necessary for us, I repeat, if we are going to maintain the American standard of wages on the ocean, as we should do, and to compete with those who are satisfied with lower standards, to equalize those wages in some way?

Mr. ABERNETHY. I will answer the gentleman by saying that if he will read this bill he will find this language in Title I.

The policy and the primary purpose declared in section 1 of the merchant marine act, 1920, are hereby confirmed.

Then, if he will read section 805, he will find this language:

The policy and the primary purpose declared in section 7 of the merchant marine act, 1920, are hereby reaffirmed.

Now, if he will read the act of 1920, he will find that the Shipping Board, if private operators will not come in and maintain a merchant marine, that the Government itself, with the aid of Congress, can maintain it. That is what we have put in here as the primary object of this bill, namely, to encourage private operation; but if we can not get private operation by the loan fund and by the other provisions of the bill then we authorize the Shipping Board to operate the trade routes, and then we say that each and every port of the country shall be open and that American ships shall be run from these ports. Then we give a liberal loan fund and we give the ocean-mail contracts which, I think, more than equalize the situation.

Mr. COLE of Iowa. In other words, however you may conceal it, you will have to come down to the fact that if you want an American merchant marine the American people in some manner must pay the difference in the cost of operating ships under the American flag and under foreign flags.

Mr. ABERNETHY. There is nothing in here about a subsidy, and if there were our side of the House would not support it and we are supporting it unanimously.

Mr. COLE of Iowa. Unless you provide the money you will not get any results.

Mr. ABERNETHY. I do not think the gentleman should put the McNary-Haugen principle into this bill.

Mr. O'CONNOR of New York. Will the gentleman yield?

Mr. ABERNETHY. Yes.

Mr. O'CONNOR of New York. The gentleman from North Carolina does not understand what the gentleman on the other side is trying to suggest. The gentleman is thinking in the terms of the protective, subsidized tariff. That is what he wants to put in the bill and not the McNary-Haugen proposition.

Mr. COLE of Iowa. That is quite correct.

Mr. ABERNETHY. I think if the gentleman will read this bill carefully he will find it is so worded that that will not be necessary. You take the ocean mail contracts. Mr. Glover, Second Assistant Postmaster General—and I want to commend him publicly for the splendid manner in which he presented this matter to our committee—told us that if we would give him the ships, and ships of sufficient speed, it would be the policy of the Post Office Department to carry all the mails in American ships; that if we did that we would not have any loss but would have a profit. That is no subsidy. The giving of ocean mail contracts has been the law, which has been upon the statute books for some time, and all the Post Office Department wants is ships that can compete.

In other words, gentlemen, this is one bill on which Republicans, Democrats, Progressives, and all interests can get together, and I say it is largely due to the management of the gentleman from Maine and the gentleman from Tennessee. [Applause.] When you get those two contending factions together, the proposition must be all right. I want to say for the gentleman from Tennessee [Mr. DAVIS] that he lives in the interior. He is not interested in any port; but he comes in here and gives his unqualified approval of this bill. The gentleman from Oklahoma [Mr. McKEOWN] and other gentlemen from the great interior give their unqualified approval of this bill.

Mr. COLE of Iowa. Will the gentleman yield for an observation?

Mr. ABERNETHY. Yes.

Mr. COLE of Iowa. You may think we live in the interior, but we are going to bring ships into that interior. We are going to bring them up the St. Lawrence and up the Mississippi. We are interested in ships just as much as you are who live on the coast.

Mr. ABERNETHY. And am I not helping you every day when I vote for appropriations for waterways and when I

went the whole way yesterday afternoon and voted for the McNary-Haugen bill in aid of the farmer?

Mr. COLE of Iowa. You cotton men got enough out of that bill to make you vote for it.

Mr. LOZIER. Will the gentleman yield?

Mr. ABERNETHY. I will be pleased to yield.

Mr. LOZIER. In England practically all the export tonnage is carried in English bottoms, the English railroads bringing that tonnage to the sea and the English exporters see that it is exported in English bottoms. In the United States the great bulk of our tonnage originates in the interior of the country.

Mr. ABERNETHY. That is true.

Mr. LOZIER. It is carried to tidewater by American railroads, but those American railroads and the American exporters in an overwhelming preponderance of cases have entered into contracts with owners of British ships by which this American tonnage, after being carried to tidewater by American railroads, is turned over to the British ships and carried to the world markets in British bottoms. I have called attention to this situation every time measures affecting shipping have been before the Congress, and I would like to have the gentleman's reaction, and I would like to ask him whether or not a method can be devised by which American exporters and American railroads will be induced and persuaded to turn over this tonnage, which originates in the interior, to American ships and have it carried abroad in American bottoms rather than turn it over to British ships. Can the gentleman suggest a remedy for that situation?

Mr. MANSFIELD. Will the gentleman yield right there?

Mr. ABERNETHY. Certainly.

Mr. MANSFIELD. I want to add a little to the gentleman's question, if you please. Will the gentleman answer, furthermore, why it is that the members of the American Bar Association, when they travel overseas, travel in English ships?

Mr. ABERNETHY. I can not speak for the attitude of the American Bar Association, but in answering further the gentleman from Missouri—

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. DAVIS. Mr. Chairman, I yield the gentleman three minutes.

Mr. ABERNETHY. I want to say to the gentleman from Missouri that the question he puts to me is very pertinent and very proper, and needs an affirmative answer. If I read properly the attempt of this committee as expressed in this bill, and also as I know from the personnel of the committee, it is the intention of the Committee on the Merchant Marine and Fisheries that if you pass this legislation and it is not sufficient to bring about the situation we desire, we will bring in other legislation. I am sure this statement is backed up by the chairman of the committee, because if there is any one man here who wants to put this great commerce of ours, which is bulging out from over the country, in American bottoms, it is the chairman of this great committee. He has done as much to correct the situation as any man here because he represents the majority side of the House, and the gentleman from Tennessee and the gentleman from Virginia and the gentleman from Texas and the gentleman from Oklahoma and the entire committee are a unit on this proposition.

The gentleman from Missouri [Mr. LOZIER] has hit the nail on the head, and we might as well notify the business interests of this country that if they are to expect the cooperation of Congress and the sympathy of Congress, that when they ship goods abroad and get goods from abroad they must use American bottoms because this is the only way we can build up an adequate merchant marine in this country. And if additional legislation is needed to bring this about, Congress will act promptly.

We believe this is the most constructive piece of legislation that has ever been reported to the Congress.

Mr. LOZIER. I did not ask the question in a spirit of hostility.

Mr. ABERNETHY. I know that.

Mr. LOZIER. But in a sincere desire to reach a formula by which this abuse in the future can be prevented.

Mr. ABERNETHY. I believe this bill will help, with the assistance of the Shipping Board, and I believe we will have their assistance, because we have made up our minds, and I think the Congress and the country are determined not to scrap the ships we have, but to put them into commission and to build new ships, and to put our shipyards in commission, and open all our ports in the country, and open up our great waterways, and have American ships carry our great commerce, at the same time saying to the balance of the world that as far as we are concerned, we are going to use our own transporta-

tion system. When we do this we will build up a proper merchant marine. [Applause.]

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. WHITE of Maine. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. ROMJUE. Will the gentleman yield?

Mr. ABERNETHY. I will be pleased to yield.

Mr. ROMJUE. I presume the committee in the formation of the bill, of course, has been in touch with the Shipping Board?

Mr. ABERNETHY. Yes.

Mr. ROMJUE. I presume you have conferred with them and have listened to their views. Are there any material points which the Shipping Board favors that are not in the bill at the present time.

Mr. ABERNETHY. The only thing which I think the Shipping Board might be criticized for—and I say this with all due respect, because I have great admiration for the present board—is the manner in which they have approached this new idea of having faster ships across the ocean. I think the Shipping Board might as well understand that if we are going to build up the American merchant marine they must respond to the will of Congress, and I believe they will do this.

Mr. ROMJUE. I was about to say to the gentleman that it has always seemed to me that they are very well posted on these matters and their views might well be considered.

Mr. ABERNETHY. We had them before us and they were very helpful in many instances. For instance, Mr. Plummer was very helpful with respect to the insurance feature of the bill.

Mr. ROMJUE. And does the board, generally, approve the terms of the bill?

Mr. ABERNETHY. Absolutely, as I understand it. [Applause.]

Mr. WHITE of Maine. Mr. Chairman, I yield 10 minutes to the gentleman from West Virginia [Mr. BOWMAN].

Mr. BOWMAN. Mr. Chairman, the remarkable rise of American ships and sailors to the commercial supremacy of the seas is an unparalleled story in the history of the maritime world. It is a romance of the courageous seagoing men, who with pike and cannonade won, established, and defended the freedom of the seas. With unreliable charts and crude instruments of navigation, America held this most enviable position of commercial supremacy for almost two centuries against the incessant plague of French, Spanish, Dutch, and English sea-roving privateers, and the swarms of marauding freebooters and pirates sailing under the black flag. No more thrilling epics of history have ever been written than those recording the heroic deeds of American pioneers upon the uncharted seas. They brought renown to America and commanded respect for her flag in every known port of the world.

The ascendancy of America's commerce upon the seas was no less spectacular than was her decline. Shortly after the Civil War, America forsook her established supremacy and turned her steps from the shores to the inland to seek a new destiny. She ceased to concern herself with the sea. The ingenuity and industry of her people were turned to an inland empire of untold national resources. They gave no thought to this epochal change. "Winning the West" brought the greatest development in railroad building, manufacturing, and farming that the world has ever experienced, but the commerce of the seas lost its virility and importance in America. The American fleet, whose sails once flecked every sea in every clime, vanished, and only the brave memories of a former glory remain as a heritage to the greatest nation in the world in this hour of commercial need.

The first vessel built within the limits of the United States for commercial purposes was a small seagoing vessel of 30 tons called the *Virginia*, which was constructed at the mouth of the Kennebec River, Me., in 1607. It is quite an interesting coincidence that the congressional district of Maine in which the mouth of this river is located is now represented in the House of Representatives of the United States by Hon. WALLACE WHITE, chairman of the Committee on the Merchant Marine and Fisheries [applause], who, with the gentleman from Tennessee [Mr. DAVIS], is responsible for pending legislation.

The successful venture of this first little sailing craft to the fishing banks of Newfoundland not only established the fishing industry in the New England coast, whose climate was unsuited to agriculture, but laid the foundation and keel for the shipping industry of this country and foreshadowed the creation of a merchant marine that would claim the supremacy of the seas. The business of building ships was stimulated and developed, until the mouth of every river and bay on the Atlantic coast from Nova Scotia to Long Island Sound had keel blocks sloping to the tide. It might be interesting to note that the construction of each vessel was a community enterprise. The



blacksmith, the carpenter, the calker, the rigger, the material man took their pay in shares. Each voyage of the ship directly concerned a community.

Before the close of the seventeenth century more than 1,000 New England ships were sailing upon the trade routes of the Atlantic. England's peculiar and sovereign rights to the seas were threatened. In 1668, Sir Josiah Child, British merchant and economist, declared that in his opinion nothing was more prejudicial and in many respects more dangerous to the mother kingdom than the increase of shipping in her colonies, plantations, and provinces. Eventually the English Parliament forbade the Colonies to export fish to foreign markets. This unjust law to curb the growing trade of the Colonies affected more than 6,000 able-bodied seafaring men and spread ruin and distress among the New England ports.

This was only an incident in the evolution of a new nation. Denied the normal ebb and flow of trade and commerce, the sturdy colonial fishermen and seamen became privateers upon the high seas. This was the only means of retaliation; but fate decreed it. It taught them how to defend the honor and integrity of the Stars and Stripes upon the sea as well as upon the land. It trained them to meet the emergencies of a new nation. The effect of this was apparent later during the Revolutionary War, when 174 colonial merchant ships, armed with 2,000 short-range guns, captured 10,000 British seamen and took as prizes 733 merchant vessels. This victory was more serious to the success of England's war against the Colonies than the capture of the Hessian troops by the land forces commanded by Washington. Actual distress in England resulted from the daring and heroism of our sailors upon the sea.

It was our brave sailors who upheld the dignity and commanded the respect of our Nation in its early days. In 1799 they compelled France, who was seizing our merchantmen in the West Indies, to make a new treaty of peace. They drove from the trade routes of the seas the pirates of the Barbary States of northern Africa. In 1812 they again defied England, who was seizing American citizens and American merchantships, and compelled a treaty that opened forever the highways of the sea to the commerce of the United States and gave to us supremacy in the world trade; to have, but not to hold. America was destined to relinquish voluntarily her control of the commerce upon the seas.

Between the years 1795 and 1810 the United States carried 90 per cent of the world's ocean commerce in American-flag ships. During the period from 1821 to 1860 American vessels carried import and export freight valued at \$12,378,999,144, or 77.3 per cent of the world's commerce.

The period from 1860 to 1865 marks the rapid decline of our sea trade. In 1861 American vessels carried imports valued at \$201,600,000, compared to \$134,000,000 by other vessels. Our export trade amounted to \$179,000,000, while foreign trade in exports amounted to \$69,000,000. Four years later our import trade had fallen to \$74,000,000, while foreign trade leaped to \$174,000,000, and our export trade had fallen to \$93,000,000, while foreign export trade jumped to \$263,000,000. The average percentage of all imports and exports carried by American vessels during this period was 41.2 per cent. This condition was due primarily to the internal strife between the North and the South during the Civil War, which made American commerce on the seas extremely hazardous and dangerous.

From 1866 to 1913 foreign vessels carried five times the freight value of our exports and eight times the freight value of our imports as were carried by vessels under the American flag. The percentage of all exports and imports carried by American vessels for this period was 14.6 per cent.

In 1914 the value of our import and export freight was \$3,800,000,000 and American merchant ships carried only 9.7 per cent. The value of American freight for this single year amounted to one-fourth of the total freight for the period between 1821 and 1860, and our percentage in carrying and transporting our freight dropped from 77.3 per cent to 9.7 per cent. During the World War our vessels carried 42.7 per cent of our import and export freight value; and in 1927, with a total of freight imports and exports valued at \$8,000,000,000—or two-thirds of the total freight value carried from 1821 to 1860—American vessels carried only 34.1 per cent. The freight bills for our export and import cargoes amounted to approximately \$730,000,000, of which sum American vessels received \$230,000,000 and foreign vessels received \$500,000,000.

A detailed analysis of our overseas trade, which does not include Canada and countries bordering on the Gulf of Mexico, the Caribbean Sea, the West Indies, Central American States, and the north coast of South America, shows that American vessels carry less than 30 per cent of our import cargo tonnage and less than 19 per cent of our export tonnage. In other words, our vessels carry only 30 per cent of what we buy from foreign

countries and the vessels of foreign countries carry more than 81 per cent of what foreign countries purchase from us.

To enable us to comprehend the reasons for the ascendancy and the decline of our merchant marine, it is well for us to have in mind that the speed of our vessels was the dominant factor. Our supremacy was based upon speed. America had the most graceful and speediest vessels of the world. Only when foreign ships excelled our speed upon the seas did we lose supremacy in trade.

Between 1849 and 1851 three notable events transpired that stimulated our trade upon the seas and developed our vessels into winged crafts of speed. First, the discovery of gold in California; second, the repeal of the British navigation laws which had given England a monopoly of trade with British East Indies; and third, the discovery of gold in Australia. These events created the wildest and most extravagant demands for the transportation of passengers and freight the world has ever known in times of peace. Speed was the ruling passion of commerce upon the seas. Competition among the nations of the world was keen and every national resource was developed in the bitter rivalry for trade. In this struggle for the trade of the world America won. From 1850 to 1854 she launched 160 clippers, among which was the historic *Flying Cloud*, which outdistanced and outclassed the fastest ship of any other nation. America had evolved a ship and had produced a crew which, taken together, were able to give more ton-miles for a dollar than any other similar unit of foreign nations. This was due to speed.

During this period our ships invaded the ports of East Indies, and because of their reputation for speed received freightage at 6 pounds per ton, while English ships rode at anchor or were glad to accept freight at 3 pounds per ton. England was dismayed at this competition of speed, and it was freely admitted that the tea trade in England had passed from English ships to American clippers. The London Times in an editorial sounded the warning in the following words:

We must run a race with our gigantic and unshackled rival—there will always be an abundant supply of vessels good enough and fast enough for short voyages; but we want fast vessels for long voyages, which otherwise will fall into American hands.

The warning came too late. America was supreme upon the seas.

The screw propeller sealed the doom of American clippers. This invention had aroused the interest of two continents. America rejected it; but England exploited its possibilities.

In 1839 Ericsson, the inventor of the *Monitor* during the Civil War, came to this country and built a screw steamship named the *Princeton* for our Navy. This was the first ship of its character in operation. The utility of the screw propeller necessarily involved the substitution of iron for the hull, because wooden hulls could not stand the vibration. America had not learned her possibilities in the iron industry, and her commercial faith was bound in the success of her wooden-hull clippers and paddle-wheel steamers.

England, on the other hand, began the immediate construction of screw-propelled vessels with iron hulls. This became a great industry in English ports. Again speed determined the commercial supremacy of the sea. England regained the trade routes because of the regularity and speed of her iron ships propelled by screws. The screw propeller added greatly to the speed of vessels and opened a new era of transportation.

In 1857 there were 51 vessels carrying the trade between the American ports on the Atlantic and Europe. Of these, 17 were paddle-wheel steamers and sailing vessels and 34 were steamers with iron hulls and screw propellers. The last-named ships were always preferred by shippers at a higher freight rate because of their speed.

In 1860 nearly all of our mail, freight, and passengers were carried by English vessels, and not a single ship was being built in our shipyards, while 16,000 tons of new iron and screw-propelled steamers were being built in England for American trade.

It remained for the Civil War to sweep the last vestige of our commercial supremacy from the seas. Confederate privateers scoured the seas and while our loss in vessels was negligible, the possibility of capture and confiscation deprived American ships of the opportunity to obtain cargoes of freight. American owners of American ships transferred their vessels to foreign flags for safety and protection. American shipyards were idle. The currents of commerce were changed. England took advantage of every opportunity, as America had done with England in the troubled days of the war with Napoleon. Trade naturally gravitated from the nation that had survived and triumphed over the greater calamities of the Revolution, embargoes of European countries, and the War of 1812. America

gradually relinquished her national renown and prestige upon the seas until by 1900 no American-flag ship sailed from our shores to Russia, Sweden, Norway, Denmark, Netherlands, Italy, Hungary, Greece, or Turkey. During that same year only two small vessels of American registry sailed for France, and these ships returned to our shores in ballast. The trade of our country was carried by vessels under foreign flags, and in 1910 we carried only 8 per cent of the world's commerce.

The failure to maintain our trade upon the seas has brought many bitter experiences to our Nation. In 1898 we had no merchant ships to carry supplies and reinforcements to our troops in Cuba. Chartered foreign vessels were responsible for the sustenance of our Army during the war with Spain; and at the close of the war chartered merchant vessels of Spain brought our men back from Cuba and the Philippines. In 1908, when our naval fleet sailed around the world, we were compelled to use foreign-flag merchant vessels to carry the fuel and supplies. We had only eight auxiliary vessels, and were forced to charter 50 vessels sailing foreign flags. This was, perhaps, satisfactory in times of peace, but we should not anticipate nor expect the use of foreign vessels in the time of war. In the light of these historical facts our national pride is neither heightened nor broadened.

Then came the sad experiences of the World War. We became most extravagant and wasteful in the intense and hectic fabrication of a merchant fleet. In our feverish haste we were compelled to build great shipyards, dry docks, piers, terminals, and warehouses. We were forced to construct and launch thousands of ships and vessels in order to relieve a paralyzed export trade. Because of the lack of an adequate merchant marine, terminal facilities were congested and the main lines of our great railroads were blocked with loaded cars of fuel and food consigned to the war-torn nations of the world. Every Atlantic port had to declare embargoes on incoming materials for foreign shipments. It is true we performed a miracle in ships and foreign transportation. I do not discredit the miracle, because it demonstrates what the United States could do in times of emergency. I am proud of my country in the knowledge that it could rise and respond so readily to such handicaps. I do deplore and condemn, however, our deliberate failure to maintain an adequate merchant marine, which failure necessitated this most extravagant miracle of national power and national resourcefulness. The miracle was justified, but the causes were inexcusable.

This experience has cost the American Government more than \$3,570,000,000, as evidenced by actual congressional appropriations for the Shipping Board and the Emergency Fleet Corporation, including the estimate for 1929. It is estimated that this amount would be more than doubled if there were added to this sum the amount paid for exorbitant and excessive freight rates on more than 70 per cent of our export and import trade which was carried by foreign ships during the war and the cost of transporting our men to the war front. According to the records of the War Department we were not able to transport our soldiers across the Atlantic. They show the glaring facts that 911,000 soldiers were carried by United States transports, 41,500 by other United States ships, 1,007,000 by British ships, and 121,000 by other foreign ships. In other words, America transported only 45 per cent of her soldiers and less than 30 per cent of her export and import trade during the World War.

What would have been our measure of success in the World War had England, with her wide commercial sweep of the seas, instead of Germany, been at war with us? What would have been the result if Germany had had control of the seas? Had this condition existed, imagination can not picture the penalties of defeat because of our unpreparedness. In this war America was lucky. The freedom of the seas was secured by her allies. The next emergency may find us most unfortunate in being unable to make speedy preparations. We can not always rely upon luck.

A little more than 10 years ago we emerged from the World War with every element of sea power. We had shipyards, docks, piers, naval bases, a Navy, and every incentive for an adequate merchant marine. Our world trade in exports and imports amounted to almost \$10,000,000,000 annually, but our many shipyards were idle. Shipbuilding was apparently a lost art. From 1922 to 1927 the United States built only 18 merchant vessels, with a tonnage of less than 200,000 tons, while Great Britain, Germany, France, Italy, and Japan during the same period launched 1,340 ships, with a gross tonnage of almost 8,000,000 tons. To-day we discover that we have a merchant marine problem instead of a merchant marine.

The National Council of American Shipbuilders is an authority for the following tabulated statement taken from Lloyd's Register of Shipping, showing the approximate gross tonnage of vessels under construction in the various countries of the

world during the last quarter of 1927 and the first quarter of 1928:

	Mar. 31, 1928	Dec. 31, 1927
Great Britain and Ireland.....	1,440,000	1,579,000
Germany.....	443,000	472,000
Italy.....	171,000	183,000
Holland.....	162,000	174,000
France.....	103,000	115,000
Denmark.....	103,000	97,000
Russia.....	94,000	87,000
Japan.....	91,000	68,000
Sweden.....	91,000	100,000
United States.....	56,000	97,000

The above figures show that at the end of 1927 America was building only 3¼ per cent of the world tonnage, and that during the first quarter in 1928 we were constructing only 2 per cent of the combined tonnage of the world. The report is also responsible for the statement that the tonnage under construction in the United States at the end of 1927 was the lowest it had been for a period of 35 years; and at the end of the first quarter of 1928 the tonnage under construction was even lower, being 58 per cent of what it had been at the end of 1927.

The above analysis not only shows the deplorable condition of our shipbuilding industry, but also discloses the fact that very few merchant marines are being constructed to replace or supplement our vessels now operating in the foreign trade to meet the keen competition of modern high-speed vessels recently constructed and now being constructed by foreign nations. These startling facts and truths present a sad commentary on the progress and spirit of the richest and most prosperous nation in the world.

The term sea power is not confined to a large navy alone, but it includes a merchant marine to support it. Every modern naval fleet must have an auxiliary fleet of supply ships, ammunition ships, hospital ships, mine layers, mine sweepers, destroyers, tenders, and so forth, and these auxiliary ships should be merchant ships commandeered by the Government merchant vessels seeking new markets for our products in time of peace; but auxiliary vessels to the Navy in times of war. This would create a well-balanced navy and permit our ships to carry the American flag into all parts of the world. A navy without a merchant marine is not effective. In the establishment of an adequate merchant marine no element of national defense should be omitted nor overlooked. An efficient, adequate merchant marine is a national obligation we owe to the Navy.

If this be true, it is apparent that the vessels of our merchant marine should be vessels of great speed. The history of merchant marines shows conclusively that speed is a dominant factor in the development of an adequate merchant marine. Trade has always followed the vessels of greatest speed, and if America should contend for the supremacy of the seas her vessels must necessarily be vessels of equal or greater speed than foreign merchant vessels. A vessel without speed is a national liability, either in the times of peace or in the times of war.

As a product of the World War the United States Shipping Board has under its control more than 500 merchant ships riding at anchor in the Atlantic ports, which were never intended for commercial use. These ships deter private capital and industry. Foreign nations have no fear of them in trade competition. Most of these vessels are more than 10 years old, while the average life of a steamer is 20 years. Their speed averages a little more than 10 knots per hour. A few of these vessels can be reconditioned, remodeled, and repaired by the installation of additional machinery, and their speed increased to 13 knots per hour. When you increase the speed of these vessels 3 knots per hour, what do you have? Experts say we will not even have a nucleus of an adequate merchant marine. They can not contend with foreign vessels of greater speed. To even believe or hope they will be successful contenders for trade is arbitrarily to defy the experiences and historical traditions of the merchant marines throughout all ages.

Only our fastest vessels, such as the *Leviathan*, the *Northern Pacific*, and *Great Northern*, were permitted to sail the Atlantic unescorted during the World War, because their high speed was considered sufficient protection against the enemy. Speed was protection. Speed was safety. Think of our emergency war fleet, with an average speed of 13 knots per hour, remodeled and reconditioned as supply ships for our airplane carrier *Saratoga*, with a speed of 33 knots per hour. America can not always gamble with fate. We must not continue to trust to luck. In my mind, any legislation that tends to recognize our obsolete war vessels as a foundation or nucleus for an adequate mer-



chant marine will be a serious blunder which will cost our Government untold millions without reaching the object of legislation.

There is just one place for these war-built ships, and that is at the bottom of the sea and not on the surface of the sea. In other words, these obsolete vessels should be scrapped and the keel of every new vessel constructed should embody and contemplate all the latest improvements for speed, regularity, and durability. America's merchant marine fleet should be the speediest, best equipped, and the most complete fleet upon the seas.

There is no patriotism in the dollar. Operating a merchant marine is a business proposition. It should pay a fair return on the capital invested and provide the necessary depreciation for replacements. In this manner only can a merchant marine be maintained. It must be profitable before it can be successful. Capital seeks the avenue of trade which yields a satisfactory return. The merchant marine must be made profitable before attracting the attention of capital. This is the crux of our merchant marine problem.

The greatest disadvantages to the establishment and maintenance of an adequate merchant marine are: First, the high cost in the construction of vessels in the United States, which exceeds by 40 per cent the cost of vessels constructed in foreign countries, and, second, the excess in cost of manning and operating the ships at sea, which amounts to almost 20 per cent more than the cost of operating foreign vessels. These disadvantages and hindrances to a merchant marine are due primarily to the high wages paid the American workman and the American seaman, respectively. These peculiar disadvantages must not be eliminated; but they must be overcome. The success of any industry should not be established and maintained at the sacrifice and cost of American labor. Methods must be found to reduce and overcome these disabilities of ship construction and ship operation without destroying the high standard of living of American wage earners.

The White amendment, which was considered and reported out unanimously by the Committee on the Merchant Marine and Fisheries of the House of Representatives, aims to correct the defects of our merchant marine problem. To my mind it is the most important step in legislation since the close of the Civil War. It not only recognizes the principle of private ownership and operation of the merchant marine, but seeks to eliminate the many obstacles to our shipping interests. It eventually takes the Government out of the shipping industry, and while it does not guarantee a fair return upon capital invested, it secures for American capital an equal chance in competition with foreign capital for the commerce of the world.

The said White amendments have four important features and provisions which are absolutely necessary to the establishment and maintenance of an adequate merchant marine.

#### CONSTRUCTION LOAN FUND

The idea of loans by the Government is not new. In the marked competition for commerce upon the seas many European nations have resorted to legislation providing for construction loans, navigation loans, mail contracts, naval subventions, and various other forms of subsidies. These laws have given to foreign nations a distinct advantage over the United States in competition for the world's trade. America, with her high cost of constructing and operating ships, must overcome in some manner the differential in favor of our foreign competitors.

In 1907 the Government of Belgium subscribed \$1,000,000 to the stock of three Belgian steamship companies, and in 1916 guaranteed the Lloyd Royal Belge Steamship Co. the sum of \$19,300,000. We can understand the financial incentive that makes Belgium a serious competitor of the United States.

Germany in 1925 placed \$12,000,000 at the disposal of three steamship companies as loans. In 1924 France guaranteed a loan of \$10,000,000 for 25 years to her shipping interests. The shipping interests of Holland are benefited by a direct subsidy. In 1921 that nation began loaning and advancing \$400,000 annually to the Holland-South Africa Line for five years without interest, unless the trade justified a return sufficient for interest.

From 1889 to 1910 Japan paid in construction and operation bounties to her shipping interests the sum of \$7,386,000, and is now proposing a \$75,000,000 loan fund to be used in the construction and operation of her merchant marine.

In 1902 the admiralty of Great Britain loaned the Cunard Line for 20 years, at 2½ per cent, all money required to build the 25-knot steamships *Lusitania* and *Mauretania*, and gave them a 20-year naval subvention of \$730,000 per year, to which the post-office department of England added a 25-year mail contract at \$330,000 per year. These contracts more than repaid the loans and all interest.

A construction loan fund was created in the merchant marine act of 1920, which was amended in 1924 and 1927. This act with amendments tended to limit and restrict shipbuilding in the United States. In other words, it did not stimulate this important industry. The basic principle of this legislation was sound, but its provisions and terms offered no advantages to American shipbuilders over the shipbuilders of foreign nations. The Government took no risks and exacted a full measure of obligations for every advantage offered.

The pending bill liberalizes the provisions of the existing law. It eventually creates a revolving fund of \$250,000,000, from which loans may be made upon vessels in sums not exceeding three-fourths of the costs of vessels to be constructed, nor more than three-fourths of the cost of reconditioning, remodeling, improving, or equipping vessels already constructed. These loans may be made for a period of 20 years at a rate of interest determined and fixed by the lowest rate of yield of any Government obligation outstanding at the time the loans are made. The present bill, if enacted into law, will permit the Government to extend favorable credits to the shipping interests of the United States at a rate of interest which in a great measure will offset the high construction costs in American shipyards.

#### MAIL CONTRACTS

The merchant marines of European countries have benefited materially from mail contracts extending over a long period of years. They have recognized the importance of liberal compensation for mail transportation upon the seas. These contracts have stimulated shipbuilding and have guaranteed a large portion of the operating expenses of merchant vessels.

This policy is not new in the United States. Legislation favorable to this policy has been enacted by the United States in 1891, 1917, and 1920, but the inadequacy of the payment and the failure to provide contracts for a substantial period of years made such legislation without force and effect. These acts simply recognized a principle, but gave neither opportunity nor chance to demonstrate the practical utility and operation of the principle.

The bill under consideration authorizes the Postmaster General to enter into long-time contracts with American shipowners for a period not exceeding 10 years for transporting the mails, and the vessels employed in this character of service must be vessels of United States registry during the entire terms of their contracts, and with limited exceptions such vessels shall have been constructed in American shipyards. The provisions of this bill guarantee that American mail to foreign countries will be carried by American ships built in American shipyards and flying the American flag.

The vessels to be employed in transporting mail will be classified according to tonnage and speed into seven classes, and compensation to be paid by the Government to each vessel will be determined by the classification of that vessel. However, in order to meet unusual conditions the Postmaster General is authorized to pay a rate of compensation higher than the maximum rates of this bill to vessels with speed in excess of 24 knots.

The possibilities of utilizing airships and airplanes in the transportation of mail from ship to port, and from port to ship, is recognized, and for this service, which is entirely probable, the Postmaster General is authorized to pay compensation in excess of the maximum rates of the bill.

#### INSURANCE

For many years American shipping interests have been at the mercy of British insurance companies. These companies fix and establish rates, and American shipowners must bargain for hull and cargo insurance. It must be conceded that they have no community of interests with America, and consequently the owners of our merchant vessels are compelled to pay insurance rates and premiums much higher than are justified by the rates for English shipowners. American shipowners are at the mercy of this gigantic insurance trust. The pending bill, however, seeks to liberalize and broaden the insurance feature of the merchant marine act of 1920, and makes the Shipping Board an effective agency in the establishment and maintenance of our merchant marine.

#### MERCHANT MARINE NAVAL RESERVE

The coordination of a merchant marine in our program for national defense depends entirely upon an efficient merchant marine naval reserve. Ships alone are not sufficient. We must have capable and experienced men trained on merchant ships in the times of peace to operate and command the auxiliaries of our sea-fighting unit in the times of war. The maritime nations of Europe have recognized the importance of this principle and for a great number of years many of them have maintained a merchant marine naval reserve.

The act of February 28, 1925, authorized the establishment of a merchant marine naval reserve by the United States; but the provisions of this act fell short of the legislative goal. In all probabilities this was due to the declining interest in our merchant marine. It must be borne in mind that before we can have a merchant marine naval reserve we must first have a merchant marine.

The present bill under consideration provides that in addition to the pay prescribed by existing law for officers and enlisted men of the merchant marine naval reserve when not employed on active duty with the regular Navy, such officers and enlisted men of the merchant marine naval reserve as are employed on merchant vessels of United States registry regularly engaged in foreign trade shall be paid per annum by the Navy Department, under such regulations as the Secretary of the Navy may prescribe, an amount equal to two months' base pay of their corresponding grades, ranks, or ratings in the regular Navy, such payments so made by the Navy to be considered, in all laws or agreements referring to the officers and crew of the merchant marine, as an integral part of the total pay prescribed for such officers and crew in accordance with such laws and agreements. This will reduce the operating expenses of our merchant ships and at the same time will provide a training school for our Naval Reserves under the complete control of the Navy Department. We have become accustomed to estimating the strength of foreign nations at sea by a comparative analysis of battleships, cruisers, and destroyers. This method has goaded and committed us to a competitive naval program for the construction of cruisers. We underestimate the potential sea strength of foreign nations when we understand that the availability of their merchant fleet for war-time use is always a matter of prime consideration and importance. It is reported that the merchant ships now under construction by our competitors in the commerce of the sea are designed for immediate conversion into indispensable and necessary auxiliaries of their naval fleets.

This policy should be America's policy. The day may come when our foreign competitors for trade upon the seas may be our adversaries in war. We can not always choose our allies, and it may be a sad awakening to find our present inadequate merchant marine a defective link in our national defense. The foreign nations of the world have challenged America. We must meet that challenge by establishing and maintaining a merchant marine fleet with ships of unexcelled speed constructed in American shipyards, manned by American seamen, and carrying the American flag. [Applause.]

Mr. DAVIS. Mr. Chairman, I yield 15 minutes to the gentleman from Oklahoma [Mr. McKEOWN].

Mr. McKEOWN. Mr. Chairman and gentlemen of the House, one coming from out in the West where I come from, where few of his constituents have seen a magnificent ship sail the sea, is not expected to make a lengthy speech about the merchant marine. I have to look at the situation from one who is interested in the exportation of the products of my country in the interior of the United States. The great problem to-day in my country is transportation of the farm products to points in the United States and to foreign markets.

The freight rates of this country are so high compared to the prices received for farm products that the farmers of this country and the stock raisers are vitally interested in the question of the American merchant marine, because if the American merchant marine does not occupy a position on the high seas where she can keep control of ocean-going rates, then my people will sustain great losses.

As a schoolboy I always read with great interest the story of the whalers and of the clipper ships from New Bedford. They were always fascinating stories, and one of the most interesting books I ever read was a true account given by a young man, one of the first stenographers in the United States Senate, who on account of a short session found himself out of employment and shipped at New Bedford on a whaling vessel. That story emphasizes the necessity of the Government of the United States seeing that the condition of the crews that served in the merchant marine is made more attractive and should interest itself in the general welfare of our seamen.

We are not like the British Isles, where you have easy and ready access to the sea. A great many of our boys live hundreds of mile from the sea and thousands of our people have never seen the ocean. Our boys, except on the coast, are not drawn to the sea, and I have often wondered why.

I heard a man who was familiar with the situation explain that it is because it is not made attractive any longer, that conditions have not been made such as to make it attractive. Our Congress has enacted laws to make the conditions better, and I am hoping that this legislation will result in the growth of the merchant marine and will keep our flag permanently

on the high seas. We are busy in our country trying to produce things to ship abroad, and it has been for many years in this country that the exportation of cotton brought the balance of trade in favor of the United States. It has been this one great staple of agriculture that has turned the balance of trade in favor of the United States.

One thing we should keep in mind when we criticize the shippers for shipping their goods in foreign ships. Here is the difficulty: You can not by law make a man patriotic; you can not by law say that a citizen of this country shall not ship in foreign ships unless he can ship as cheaply and as profitably in American bottoms.

The shippers in my country ship gasoline abroad and they ship wheat abroad. Here is what they are met with. The foreign buyer says, "I will buy your gasoline f. o. b. on the coast and I will send my own ships and take it away. I will send my own ship and take your wheat." In trading with a man like that you have to accept his proposition if you want his trade. For that reason it is a difficult matter and you can not by law make an American citizen ship his goods under the American flag by the dictation of law; if it costs him more money to ship under the American flag, he is not going to ship under the American flag.

Mr. MANSFIELD. Will the gentleman yield?

Mr. McKEOWN. I will.

Mr. MANSFIELD. Is it not a fact that the larger part of the cotton that goes to England goes in foreign bottoms because the buyer says I will take the cotton but my ships shall carry it?

Mr. McKEOWN. That is the difficulty; when he ships an article to a buyer in a foreign country, in many instances the foreign buyer says, "I want the article delivered at the seaboard. We will send over and get it in our vessels"; but our buyers, on the other hand, are not so careful to say to the foreign exporter, "We will buy your goods on the seacoast over there, and let it come in our ships."

Mr. JACOBSTEIN. Is it the gentleman's understanding that there is anything in the bill to arbitrarily restrict that?

Mr. McKEOWN. Oh, no; there is nothing in this bill. I am talking generally about the proposition and the conditions and effects of legislation generally. The bill before the House has the unanimous indorsement of the committee. We may differ on some of the items in the bill personally, but as a whole the bill has been reported out favorably, and I understand it has the unanimous indorsement of the Shipping Board.

One of the new factors in marine travel is going to be time. The man from New York who transacts business in London or in Liverpool or in Paris will want to go in a hurry. He does not want to lose much time. If we can encourage this quick service, we ought to do so, and why? Because to-day there are foreign nations who are expecting to inaugurate an air service by dirigibles to come across to this country and use those dirigibles for transportation. We are told that these new ships can go across the Atlantic from dock to dock in four days. If a man in New York misses his boat he can take an airplane and catch the ship at sea, or if he is in an extraordinary hurry, before he lands can leave the ship and go ahead by airplane to shore; of course that will keep up the pace that we are all trying to travel.

Mr. SANDLIN. Does not the gentleman really think that the passage of this legislation will create in the minds of the American people an idea that the American merchant marine has a fixed policy? As it is at present they do not know how long these routes will be established, but they will know now that the Government means to stay in the shipping business and have established routes. Does the gentleman not think that it is a great step forward?

Mr. McKEOWN. I agree with the gentleman and thank him for his contribution. Our people are interested, but when a man is busy and trying to make his business profitable he does not take time enough to make a survey, but, as the gentleman says whenever it is known that ships are going to run, that there will be a regular schedule, business men then will take more pains to route their cargoes over those established routes.

There is one other thing that I think is very interesting about this shipping business. This bill does not require the unanimous consent of the Shipping Board to sell a ship. I think the provision in the bill is fairer because it makes five out of seven control. If the judgment of five men is unanimous, then I do not think we ought to deprive the board of the use of its judgment simply because there is a contrary juror on the case. In other words, we ought not to have a hung jury all of the time; we ought to have a majority verdict.

I shall not take up any more time, but I do hope the Members of the House will give this bill their careful consideration and show an interest in shaping it into such a measure as will be



satisfactory to and receive the approval of the American people. [Applause.]

Mr. WHITE of Maine. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. MARTIN]. [Applause.]

Mr. DAVIS. Mr. Chairman, I yield the gentleman five minutes.

Mr. MARTIN of Massachusetts. Mr. Chairman, it is not my purpose to discuss the details of the proposed shipping bill. That has been done by the distinguished and able chairman of the committee. But I do want to speak in behalf of what I believe is the most constructive piece of legislation which will appear before the present Congress.

I am in favor of this bill not because it will be of benefit to any one section of our country; not because it will benefit any single industry; but because it will be of real benefit to every section and every industry whether it be farming, mining, or manufacturing.

The great problem of America to-day as indeed it is for all of the great commercial nations of the world, is the finding of a market for the surplus goods which come from the farms, the mines, and the workshops.

It is apparent to all who think the home markets will not take care of all that can be produced. It is estimated the home demand will take care of but 80 per cent of the output. That means we must sell to other nations the balance of the goods produced if we are to have the full measure of prosperity. Foreign trade can be expanded almost indefinitely. It is limited only by the resourcefulness and energy employed. Let me illustrate:

When Capt. Robert Dollar, who is a pioneer in the upbuilding of American foreign trade, started his round-the-world service four years ago there was hardly any trade between California and Singapore, Penang, or Ceylon.

During the four years of giving that part of the world a fortnightly service to the United States it has brought into this country \$29,000,000 of new money. The increase in the then existing trade in Japan, China, and the Philippines amounted to \$54,387,045, most of it new business.

What Dollar has done on the Pacific has been duplicated in South America and other parts of the world where permanent trade routes have been maintained. It is obvious from experience that trade follows the flag.

The people of our country have finally begun to realize that shipping in our overseas trade affects the welfare of the entire Nation, not only their continued prosperity but their security as well.

In the keen competition existing in the world's markets to-day, a country which must rely on competing nations to transport its commerce is hopelessly handicapped. We have been told frequently by theorists and short-sighted economists to allow competing nations to carry our products because they could carry them cheapest. This is the height of false economy and has been repeatedly proven to be the case.

Prior to 1914 we depended upon our competitors to carry over 90 per cent of our commerce in their ships; then the American people were rudely awakened to find that our commerce ceased to flow because of the fact that we relied almost entirely on ships of competitor nations for the transportation of our foreign trade. The irreparable losses to the Nation in depending on foreign-flag ships to move our commerce and in our feverish haste to build ships during abnormal times resulted in fabulous expenditures for which the American people will pay unto the third and fourth generation.

The gigantic losses incurred by the Nation before our entrance into the World War when our products congested and rotted at the seaboard for lack of ships to move it, and then our entrance into the World War when ships became imperative for military needs, culminated in needless expenditures amounting to a sum which would have been sufficient to have permanently and profitably established an adequate merchant marine for the past 150 years and for the next century to come.

It is only natural that the sentiment of the American people has changed from indifference to that of "ship-mindedness." Other maritime nations have long realized the obvious necessity of supporting their national shipping. This is borne out by the various forms of aid, during the last 50 years, extended to them for the sole purpose of supporting and expanding their shipping and thus their trade.

One of the best examples of a nation realizing how indispensable shipping is in the development and expansion of her trade is Germany. Although seriously handicapped financially, Germany has seen fit to retrieve her shipping, with the result that to-day she is again able to resume and build up her trade connections. If it were economically sound to rely upon ships of other nations to carry products of a competing nation, it is

obvious that Germany is too shrewd not to have welcomed this opportunity.

Trading, banking, and transportation complete the cycle of international trade; each is dependent upon the other, and successful competition in the world's markets can only be achieved by the nation which has complete control of this cycle.

Two important transitions have taken place in ocean transportation since pre-war days. First, the change from tramp service to cargo-liner service. Cargo-liner service predominates to-day. This class of shipping is rapidly approaching 80 per cent of the world's ocean transportation.

The second transition is the trend from steam to internal-combustion type of ship propulsion, which now represents more than one-half of the entire world ship production figure.

These transitions clearly emphasize the demand for economical ships and better services. It is, therefore, evident that successful competition in world trade can only be met by providing permanent services with regular and frequent sailings. The rapid turnover of capital demands this service, and the ships, regardless of nationality, which provide this service will get the business.

Since the ending of the World War our competitor nations were quick to recognize the new era in international shipping and during the past six years those nations have built almost 1,300 ships, of 7,000,000 gross tons, suitable for transoceanic service, with the result that the United States has been far outranked by her competitors in both modern passenger and cargo ships. During the same period the United States has built but 14 ships suitable for transoceanic service, totaling less than 200,000 gross tons.

As a result of our shipbuilding inactivity, American shipyards are in a precarious condition and at this time we rank tenth in world shipbuilding, even Russia having passed us. The total gross tonnage building in the United States to-day in all of our shipyards combined amounts to less than the equivalent of one ship the size of the *Leviathan*. Surely this is a most humiliating position for our country to occupy and it is high time that serious consideration be given to the rehabilitation of this industry, which is an indispensable factor in times of a national emergency.

The chief cause underlying the decline of our shipyards is the fact that ships cost considerably more when built in American yards, which is obviously due to our higher labor and material costs as compared with the lower costs of foreign shipyards. Therefore the capital invested in an American-built ship, together with the higher cost of operating American ships in foreign trade, make it an unprofitable venture and offers no incentive for American investors to build ships in American yards to compete with the lower-priced ships of our foreign competitors.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. MANSFIELD. The gentleman speaks of many nations getting ahead of us in the shipbuilding business. Is it not a fact that we overbuilt during the war and had more ships than we could use, and is not that a principal reason why we have not been building ships since that time?

Mr. MARTIN of Massachusetts. That is true in a measure, but if we are to continue to do anything in commerce, we must build new ships to handle our traffic at the present time.

Mr. MANSFIELD. That is, a new type of ship?

Mr. MARTIN of Massachusetts. Yes. The United States Shipping Board has endeavored to carry out the provisions contained in the merchant marine act, 1920, for the establishment of services in the overseas trade routes. It has endeavored and is endeavoring to comply with the provisions of the act. However, the modern ships of our competitors make it extremely difficult to operate successfully and the lines which have been sold by the board to private owners experience this difficulty. It would seem, owing to the greatly reduced prices of the ships which the Government has sold, this handicap would be offset. It is found, however, that the ships which are being patronized are the modern types with increased speeds which provide definite and frequent sailings which explains the problem confronting us. If we expect to remain in the shipping business and attain our rightful place among the maritime nations it is highly imperative that a ship-replacement program be started without further delay, not only to revive our shipbuilding industry but to place American shipping on a parity with the modern ships of our competitors.

In the further development and expansion of our foreign trade it is essential to establish and pioneer new services. By the establishment of such services new trade can be developed in many parts of the world. No competing nation which is also seeking new markets will expand our foreign trade for us. This pioneering work is a function which we must obviously

perform ourselves. Experience has shown us that ocean transportation must be in advance of trade.

The water-borne commerce of the United States amounts to \$8,000,000,000. This must continue to grow if we are to remain a prosperous people. And since other nations are equally anxious to expand their foreign trade and in many instances compete with us in like commodities, it becomes essential in the sale of those commodities that we have ships of our own to deliver them.

Therefore in order to perpetuate American shipping we must adopt a plan to insure permanent services to all parts of the world with ships equal to or better than those of our competitors. We must find some means to encourage private capital to invest in American ships. We must recognize the fact that American shipping is handicapped and will continue to be handicapped, due to the higher American living standards, and that this handicap can not be overcome to any appreciable extent by methods adopted in some of our other industries where mass-production methods apply. It must always be remembered that ships are built to order and not manufactured. Likewise the wage scale on American ships will continue to be higher than those of our competitors, also due to our higher living standards. If Americans are to be encouraged to follow the sea, it is only natural that American standards apply.

We can not continue and should not expect such indispensable industries as shipbuilding and shipping to engage in direct competition without some form of protection such as is afforded our other industries. Either directly or indirectly American shipping must be placed on an equality with our other industries which compete in international trade. The service rendered by American shipping is national in scope. It serves all industries engaged in international trade and will serve to stimulate, pioneer, and expand that trade.

The annual sum necessary to accomplish this purpose is less than one-fourth of 1 per cent of the value of our total water-borne foreign commerce. This surely is an insignificant sum to revive, maintain, and perpetuate two of our most vital industries, those of shipbuilding and shipowning.

In the revival of these two indispensable industries the beneficial effect will be felt throughout every one of these United States, as was demonstrated by the reconditioning of the steamship *Leviathan*, to which the products and labor of 46 States directly contributed.

A factor that can not be overlooked is the contribution of merchant ships to the national defense. This is of unusual importance owing to the limitations placed on naval tonnage. The potential sea strength of a nation is not fixed by naval ratios alone, but by the combined strength of naval and merchant tonnage, each serving the other.

The time has surely arrived when we can no longer permit the decline of our sea power to continue without dire results to the Nation, both from a commercial and strategic standpoint. Every effort must be made, partisan differences set aside. This is the crisis; we must declare our commercial independence in the matter of our national shipping and foreign trade and attain our rightful position as a principal world power and a first-class commercial and maritime nation second to none. The bill now before Congress, which was reported unanimously from the committee, with all differences composed, proves as in the past when confronted with a national emergency, the patriotism of the American people as reflected by Congress, rises above the restraining influence of partisan consideration.

The world is awaiting the definite decision as to the future position of the United States upon the seas which this Congress is now about to declare.

Our destiny may be shaped by this decision. I am sure it will be in the interest of greater and more progressive America. [Applause.]

Mr. DAVIS. Mr. Chairman, I yield six minutes to the gentleman from New York [Mr. BLACK]. [Applause.]

Mr. BLACK of New York. Mr. Chairman, as befitting an advancing country of the world, we are taking a reckoning of our power on the sea. That such power is inadequate either for the distribution of our production or for the protection of our basic wealth is fairly evident. Our output is carried in foreign crafts, and our coasts are exposed to enemy attacks. The Nation must think of the sea; the people must contrive a merchant marine and a defensive marine. Public opinion should force the construction of ships of peace and ships of war.

The United States is too resourceful a nation to depend upon other nations for the transportation of its goods to the ports of the world. The Congress has almost as little justification in trusting our commerce to the ships of competing nations as in trusting the defense of our coast line to foreign naval vessels. To translate riches into economic power requires the control over the facilities for the transportation of the riches over the

seas. It is akin to hiding one's light under a bushel to deprive the Nation's merchants of national sea carriers.

That it will cost money to give us a sizeable merchant marine is no objection, for money so spent shall return to the country more than tenfold. We are reaching a turning point in the relative commercial status of this Nation, and we must advance or decline. Our commercial health will depend largely on maritime circulation. We must not be like the wealthy miser who was in danger of death and would not call in the doctor because it would cost him money.

A spur to American shipping activity will do much to help domestic industrial conditions. Our merchants will be able to transport their goods at more reasonable rates than now exist due to the preferences given by foreign shipping to foreign cargoes lying side by side with American cargoes in foreign hulls. Moreover, many of our private shipyards, which once thrived with activity at our principal ports and are now as lifeless as the deserted village, will again hum with all the mighty music of American industrial life. The navy yards of the country will no longer have the competition of the private yards, for work on naval vessels and the Government yards will add to the country's dynamic energy.

Though the country is rich, men are walking the streets for want of work. The restoration of American interest in the merchant marine and the Navy will call many of them back into the ranks of active labor.

America has lately been drifting along without any design. It is time that we plan for our future. In considering that future, America must look to the sea.

Let us learn from Great Britain the story of sea power, but let us not be taught by Great Britain that Britannia alone has the right to unfurl a flag on the peaceful and troubled waters of the world.

The pending bill provides a reliable chart for our proper maritime development.

Give American shipping a chance to show its ingenuity in the age of startling progress. [Applause.]

Mr. DAVIS. Mr. Chairman, I yield 20 minutes to myself.

The CHAIRMAN. The gentleman from Tennessee [Mr. DAVIS] is recognized for 20 minutes. [Applause.]

Mr. DAVIS. Mr. Chairman, this is a very important measure. I suppose it is natural that there is apparently not a great deal of interest when there is but little, if any, controversy. However, this is a problem in which the committee which has reported this bill has been interested ever since the creation of the committee. It is a subject upon which we have held hearings in every Congress of which I have been a Member. There are various phases of the problem. They are presented in somewhat more acute shape at times than at others, but we are all interested in an American merchant marine.

I think that to-day the American public is very much more interested and more vitally concerned in having an American merchant marine than it has been for a long, long time. There was a time when the American-flag ship was preeminent on the sea. As has already been suggested by other speakers, we excelled the world prior to the Civil War. In other words, from 1820 down to about 1860 we had the greatest merchant marine in the world. We were the most successful shipbuilders and ship operators in the world. Our fast "clippers" plied all the seven seas and carried the commerce of this country, ranging all the way from a percentage of 62½ per cent to 92 per cent during that period, and in addition to that these American ships operated extensively in indirect trade; that is, between other nations of the world. The American merchant marine was not only successful but it was profitable, and it was profitable in spite of alleged handicaps that existed then with respect to differentials in wages and otherwise.

As has already been pointed out, however, a decline, an unfortunate decline, came in our shipping; a decline in the percentage of our own commerce which we carried, and a disappearance from the seas of American-flag ships engaged in indirect trade. In 1860 we had by far the largest merchant marine we ever had, and we then had the largest merchant marine in the world, barring none.

But during the Civil War more than a million tons of our ships were destroyed, and fully that many more sought foreign registry to prevent capture and destruction by one side or the other in that unfortunate fratricidal contest. And in 1866, immediately following the Civil War, the Congress, perhaps in a spirit of pique, enacted a law prohibiting the reregistry under the American flag of those ships that had sought protection under foreign documentation. So that during that brief period there was a very substantial decrease in American ships; and just about that time and for a decade prior to the Civil War we had the advent of the steamship; and while an American had invented the steamboat, yet we were so successful with and



so wedded to our fast wooden sailers that we were very slow to turn to steamships and also slow to turn to iron and steel vessels. And so Great Britain, which was then our greatest rival on the sea, began the construction of steamships and of iron vessels, and in that way began to overtake us and distance us.

Then along in 1849 and the few years thereafter we had the discovery of gold and the rush to California, which attracted the minds of the citizens of this country to the great undeveloped West, and we began a great material development, and that attracted the minds of the people and the money of the investors. And so this great interior development, followed by a great industrial development, took place, with the result that this Nation ceased to be ship mined at the time that it turned its mind and its attention and its money to interior development.

American people not only lost interest in a merchant marine from a commercial standpoint but also from the standpoint of national pride. One of the greatest handicaps to American shipping has been that Americans are not as loyal to the flagships of their country as are the nationals of other countries. Even high American officials frequently travel on foreign ships. If American citizens would loyally support American passenger and cargo vessels, American shipping will surely succeed.

Another reason assigned by the authorities on the subject is that—

a most effective cause for the decline was the protective tariff.

As is well known, high tariff duties began to be imposed soon after the Civil War, primarily for the purpose of raising revenue to liquidate the war indebtedness. However, the high protective tariff system became a fixed policy of the party which has been in power most of the time since the Civil War, and tariff rates have on the whole steadily increased. High tariff rates on shipbuilding materials has militated against American ship construction, and the present high tariff rates on shipbuilding material cover most of the differential between the cost of American and foreign ship construction. Furthermore, the authorities agree that the—

tariff has restricted the number and amount of cargoes that American ships could bring from foreign ports, and that condition will always be present in the face of a high tariff.

President Harding, in one of his messages to Congress, very correctly stated that before you can have a successful and profitable merchant marine you must have both incoming and outgoing cargoes. Nobody disputes this truism. The situation is such that Chairman Lasker described it by saying that the tonnage of all exports to Europe is three and a half times as much as the tonnage of our imports from Europe. We must admit that it is not an ideal situation when even if our ships go to Europe fully loaded they must return five-sevenths empty.

I am not discussing this question from a partisan standpoint. I shall not enter into any discussion of the merits of a high protective-tariff system. I am simply stating the facts. No discussion of the handicaps to American shipping can fairly omit mention of the greatest handicap.

However, without even suggesting any surrender of their views with respect to a high protective-tariff policy, I do wish to suggest to those members of the Republican Party, who are vitally interested in an American merchant marine, the advisability of either repealing or substantially reducing the tariff on shipbuilding materials. It is not a part of the policy of the party in power to impose high tariff duties upon all commodities, not even all manufactured commodities—notably shoes. They might, with entire propriety and with great benefit to American shipbuilding and consequent ship operation, adopt such a policy with respect to shipbuilding materials. To do so, would be in keeping with the policy of the Republican Party prior to the Fordney-McCumber Tariff Act.

The act of June 6, 1872, permitted the free importation of certain materials which entered into the construction of wooden vessels for foreign trade and trade between the Atlantic and Pacific coasts of the United States. The tariff act of August 15, 1894, extended the free list so as to include all shipbuilding materials, but only to be used in the construction of vessels for the foreign trade and for the domestic trade between the Atlantic and Pacific ports of the United States. This restriction was such as to practically nullify the usefulness of the privilege. The act of August 5, 1909, permitted ships constructed in whole or in part of imported materials to engage in coastwise trade six months out of the year, while section 5 of the Panama Canal act of August 24, 1912, permitted such ships to engage in the coasting trade during the entire year. The tariff act of October 3, 1913, made no change in this respect.

Prior to the 1909 act the cost of steel plates, the chief material entering into ship construction, ranged from \$6 to \$15 more per ton in the United States than in England, it being

freely charged that American steel manufacturers successfully competed with English manufacturers in foreign countries, selling steel plates and other material much cheaper abroad than they did in the United States. Even with the restrictions on ship construction imposed by the act of 1909, the differential began to disappear; by August, 1910, one year after the passage of the act, the price of steel ship plates in the United States was \$31.36 per ton and in England \$31.63 per ton; by September, 1911, steel plates were \$28.54 in the United States and \$32.85 in Great Britain; in September, 1912, they were \$30.91 in the United States and \$38.93 in Great Britain, this being the month following the passage of the act of 1912; in December, 1914, the selling price of steel plates in the United States was \$23.74 and \$35.59 in Great Britain; in June, 1915, the price in the United States was \$27.44 and in Great Britain \$47.45, a differential of \$20.01 in favor of the United States. Consequently, by these changes in the tariff laws a former large disadvantage of the American shipbuilder was converted into a distinct advantage.

The condition of the American merchant marine engaged in the foreign trade grew gradually worse until 1910. At that time, instead of carrying from 62½ per cent to 92 per cent of our whole commerce, we were carrying only 8.7 per cent.

In that connection, however, I want to state this, because not to state it, it seems to me, would be unfair and misleading. Aside from the decrease in American tonnage from 1860 to 1870, there was no decrease in our tonnage. It gradually grew. It has continued to grow practically from the establishment of this Government. But there was a tremendous decrease, as I have indicated, in the percentage of our commerce which we carried, because our commerce grew so rapidly and our shipping grew so slowly after 1860 that we did not by any means keep up with our industrial growth, so far as our shipping growth was concerned.

Now, that brings us down to the World War; and we were so interested and so absorbed in our domestic affairs and industry that we seemed to have largely forgotten the sea. We seemed to have largely forgotten the importance of an American merchant marine, particularly from the standpoint of national defense; and so, after the commencement of the World War, and even before we ourselves became involved in the World War, we began to feel keenly the need of merchant ships, because many of the foreign ships which had been plying to and from our shores were diverted from that trade. Many of them were sunk. And so we began to feel the situation very seriously before we became involved in the war.

Then, when we ourselves became involved in the war, we found that we needed merchant ships more than we needed warships. In that connection I want to remind you Members that there has seldom been a war of any magnitude in which merchant ships have not borne as important a part and proven as useful and necessary as warships. This was literally true in the World War, and it will ever be so, because if we maintain our commerce in war and supply our troops with munitions and food supplies and with various other equipment, as is necessary in the conduct of a real war, we must have the ships to carry them as well as the men; and we would likewise need our merchant ships if other important maritime nations became involved in war and their ships are withdrawn from our trade.

Hence, from the national defense standpoint, it is important to have an American merchant marine, and as has already been well stated by others, it is a matter of tremendous importance in peace time.

As indicated, conditions created by the World War, even before the United States became involved therein, forcibly impressed the importance of a larger American merchant marine; besides there was a continual apprehension that the United States might become involved in war. Consequently, the Sixty-fourth Congress enacted the shipping act, 1916, as stated in the title:

To establish a United States Shipping Board for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries; to regulate carriers by water engaged in the foreign and interstate commerce of the United States, and for other purposes.

Within a year after the passage of said act, the United States did become involved in the World War. There was a most pressing and immediate demand for ships and more ships. Under the provisions of the 1916 act and certain emergency acts was consummated the most tremendous shipbuilding program in the world's history. The United States acquired by construction and purchase a total of about 2,500 merchant ships, which were put into immediate service as soon as purchased or launched. Aside from the very important part these ships



played in the war and in the return of our troops, supplies, and equipment, the Shipping Board established trade routes to every principal port of the world, with the result that American-flag ships carried over 50 per cent of our exports and imports in the years 1920, 1921, and 1922. On January 1, 1920, 1,525 Shipping Board vessels with a dead-weight tonnage of 8,681,791 were in successful commercial operation. During the year 1920 there developed a tremendous slump in world commerce resulting in a world-wide withdrawal and lay up of ships. Shipping Board vessels were rapidly—too rapidly—withdrawn from operation, with the result that American-flag ships carried 42 per cent of our imports and exports during the year 1923, 44 per cent during 1924, 40 per cent during 1925, and so on. During the Sixty-sixth Congress a select committee, of which Representative Joseph Walsh, of Massachusetts, was the chairman, was appointed to inquire into the operations of the United States Shipping Board and Fleet Corporation, and conducted a comprehensive inquiry into the ship construction and other activities during the World War. The unanimous report of this committee concluded in part as follows:

Considering the program as a whole, the accomplishments in the number of ships constructed, the tonnage secured, and the time within which the ships were completed and delivered constitute the most remarkable achievement in shipbuilding that the world has ever seen.

However, aside from the delay involved, these ships were constructed, purchased, and commandeered at war prices, all of which we hope may be avoided in any future national emergency.

It is difficult to estimate correctly how much the Shipping Board vessels have saved the American people in the way of freight rates, not to speak of better and more frequent services from and to a much larger number of ports both at home and abroad.

There is no question at all but that if we had not had these ships plying in American services and carrying American products that we would have been bled through the nose with exorbitant freight rates, such as were exacted during the war, when they charged whatever they desired, and at that time it could not be prevented.

This is a large subject, and I can touch upon only a few features of the bill before us and of their import and significance.

I want to concur in the statement that this bill is possible because of a spirit of cooperation on the part of the members of the Merchant Marine and Fisheries Committee. I have never seen a finer spirit manifested. We all realized that every man could not have his way; that perhaps no man could have a bill exactly in accord with his own views. So far as I am concerned, if I were given the absolute and unconditional authority to draft legislation, I would draft it differently in some particulars, at least, from the bill before us, and I assume that is true with respect to every other member of the committee. On the other hand, each of us might have been wrong in our individual opinion, and I hope that in reporting a bill which represents the composite wisdom of the entire committee we have a more valuable measure than could be drafted by any of the members acting alone.

I do not agree with the suggestion of the gentleman from Indiana [Mr. Wood], who in his speech said that he indorsed this bill because it was a "good beginning." I want to assert that it is more than a beginning, and I further assert that this bill, if enacted into law, is the most constructive and will be the most helpful bill to a national merchant marine that has ever been enacted by this or any other country. [Applause.] While I say that, yet I consider the bill economically sound and entirely workable.

There is no provision in it involving a principle which does violence to the historic views of either great party. I do not think there is anything in it which any Member of this Congress can not conscientiously support. As I indicated at the outset, there are doubtless differences as to some of the details, but I am discussing the principles involved, and there is not a single provision in this bill which involves a principle that is not already embodied in our laws. We have modernized and liberalized existing laws in several particulars. I shall not undertake to discuss the detailed features of the bill, because that has been admirably done by the distinguished chairman of our committee and by other members of this committee.

But referring again to the effect of this legislation, I want to state that in my opinion it will restore the American flag to the sea in such a way and to such an extent that the American people will again become ship minded; they will take a pride in their merchant marine and will support it in such a way that it will be entirely successful. [Applause.] All authorities agree that one of the greatest difficulties now is that when the

American people ceased to have an interest in the sea they ceased to appreciate the importance of their individual and collective support of an American merchant marine, and if Americans will support their merchant marine like the nationals of other countries support their merchant marines, we will not only have a great merchant marine, carrying at least 50 per cent of our imports and exports, but we will have one that will be financially successful. Our national pride and patriotism should embrace our merchant marine. To-day, even under existing conditions, if our ships returned with full cargoes, like most of them depart from our shores, they would be on a very profitable basis. This view is not mine alone.

We had before us at the hearings many witnesses. We had many American shipowners, and I want for a minute to refer to their views. We had before us Henry Herberman, the president of the American Export Lines, which operate between north Atlantic ports, and nearly a score of Mediterranean and Black Sea ports. They are operating in this highly competitive trade 21 passenger and cargo vessels, which they purchased from the Shipping Board, all under the American flag and with crews practically 100 per cent American. They are doing a splendid work, they are rendering a fine service, and promoting American commerce, because they are operating these lines on American businesslike principles. [Applause.]

Mr. Herberman stated that if this bill became a law they would be "on top of the world," and would build new, speedier, and finer ships to replace their present fleet, and would be able to successfully compete with any ships in the world.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. DAVIS. Mr. Chairman, I yield myself 10 additional minutes.

The CHAIRMAN. The gentleman from Tennessee is recognized for 10 additional minutes.

Mr. MOORE of Virginia. Before the gentleman finishes his remarks will he touch upon the point that was made here early in the debate with reference to the contracts under which American railroads operate in connection with foreign steamship lines? I assume the gentleman's belief is that if the American merchant marine is made more vigorous and its permanency insured that after awhile there will be no such contracts to invite criticism.

Mr. DAVIS. In reply to the gentleman from Virginia I will say that it is undoubtedly true that certain American railroads have contracts with foreign steamship lines, under which agreements they exchange freight with each other. My information is that that practice is not as bad as it was, but it is certainly bad enough. I wish to state that that matter is dealt with by the Democratic national platform adopted in 1924, and if you will pardon a personal reference, I had some part in the preparation of that platform. Among other things it says this:

We condemn the practice of certain American railroads in favoring foreign ships and pledge ourselves to correct such discriminations.

I want to state to the gentleman from Virginia that there is in the merchant marine act of 1920 what is known as section 28, which was designed to remedy that situation. Our committee held extensive hearings on that provision some two or three years ago, at which representatives from all over this country appeared and gave their views, but nothing was done at that time by the committee or by the Shipping Board for the reason that it appeared that to invoke that provision at the time would work a very great hardship on American industry and American foreign commerce in many ports, at least, because of the lack of American ships to adequately take care of the situation, both with respect to tonnage and sailings, and general service. If this measure builds up an American merchant marine, if it results in the construction and operation of faster ships, more frequent sailings, more modern service in every way, and more American lines operating to and from our shores, which we think will result, it will no longer give an excuse to these railroads, in the first place, to make contracts with foreign lines, and, in the second place, it will certainly justify the Government through that section or in some other manner, in meeting the situation and eliminating that practice.

Reverting to the prospects for the construction and operation of speedy, modern ships under the American flag and in the foreign trade, in the event this measure becomes a law, it appears that several private operators in the Pacific, the Oceanic Steamship Co., the American Hawaiian Steamship Co., the Oregon Oriental Line, and perhaps others plan the construction of several such ships, involving an expenditure of approximately \$40,000,000 in the near future.

The gentleman from Massachusetts [Mr. GIFFORD] explained in some detail the plans of the Trans-Oceanic Co. to construct



and place in operation six of the speediest and most modern ships ever constructed, for operation under the American flag in the North Atlantic.

Of course, all of these plans and proposals are tentative and conditional upon the passage of this bill.

This is the reason we increased the construction-loan fund, in order to meet the demands for money with which to build these modern, speedy ships, which will not only be so valuable as merchant ships in times of peace, but will prove of incalculable benefit in time of war.

I was requested by some one to explain what justification we thought there was for proposing to lend 75 per cent of the cost of construction of a ship at the current Government rate of interest. In addition to what I stated in response to the question at the time, I want to suggest this: We are spending every year several hundred million dollars upon our Navy, not to speak of our Army, from which we receive no pecuniary returns whatever, and which does not perform any useful service in peace times. We do not expect them to. We do not complain because they do not, but here it is proposed to build some modern ships which would be of just as much value in times of national emergency as the warships, and all the Government is asked to do is to lend 75 per cent of the value of the construction at the rate at which the Government itself could borrow the money, and for the principal to be paid back in equal annual installments with annual interest.

Under the provisions of this bill these ships must be constructed in accordance with plans approved by the Navy, and the Navy will approve them from the standpoint of naval auxiliaries.

The Trans-Oceanic Co. explained their tentative proposal before the committee and before the Shipping Board to build six very large ships that would be airplane carriers. These are the same people who built the U. S. S. *Lexington* and *Saratoga*, the great airplane carriers. The *Lexington* has already in actual test demonstrated that she can make 33 knots or more. These ships will be capable of carrying 24 airplanes on the upper deck of each one of them, and under the provisions of this bill, if we get into war, we can commandeer these ships and pay no consequential damages and pay nothing because of an enhanced price due to the war.

I think this sufficient justification, if somebody else is willing to build these great instrumentalities of defense under the provisions of this bill. I think it is a pretty good investment from a national-defense standpoint, not to speak of the fact that during peace times they will be operating under the American flag between our shores and the shores of other countries.

Like the gentleman from Massachusetts [Mr. GIFFORD], I am not familiar with the technical and mechanical details of the proposal, but it appealed to me and I think it appealed to the Congress. The construction and operation of such ships as proposed by the Trans-Oceanic Co. would certainly go far toward restoring American prestige on the seas, would appeal to American pride, and do much toward making American citizens "sea minded" again. If such a proposal be formally and officially presented to the Shipping Board, I trust that it will have most careful, impartial, and sympathetic consideration. I have always said that the American people can excel every other nationality in every line of industry and that whenever they apply the same industry and the same enterprise and the same intelligence to shipping that they apply to other industries they will likewise excel the world in that. [Applause.]

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. WHITE of Maine. I yield to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman and Members, I come from a State with many miles of seacoast on one of the earth's greatest oceans. To the north my State shelters the harbor of New York, and to the south its borders combine to form the port of Philadelphia. Within the State, I come from a district extending along the banks of the Delaware River—the greatest shipbuilding area in America.

I proudly admit I am ship minded. I confess to the belief that this country's future destiny lies on the sea. It is heartening to know that I am not alone in this faith. Our legislators and leaders throughout the land have unanimously expressed their deep conviction that America must again take her place as a maritime nation. I speak of a return to the sea because from 1816 to 1860 American clipper ships and packet boats were supreme on the oceans of the world, the envy and despair of foreign traders. Built for long voyages and marvels of speed, they carried during this period nearly 90 per cent of our foreign commerce.

If we follow the history of American navigation laws we see that the policy of discriminating duties was in full force

until about the year 1790. This policy gradually weakened, until in 1850 it was finally suspended due to the adoption of reciprocity treaties with the leading nations. But prior to this date all sections and all parties of this country had united in offering subsidy to American steamship lines, and this ocean mail policy begun in 1847 had by 1855 completely vindicated itself. Our ocean fleet had increased in tonnage 200 per cent in this short period, and our vessels were the equal of any afloat. It was the grave misfortune of the American marine at this critical period to be drawn into the maelstrom of sectional strife. The merchant shipping of the United States was owned chiefly in New England and New York and sailed from northern ports.

The ocean mail system became more and more an issue of sectional politics, and in 1855 the ocean mail transportation bill making appropriations for the coming year was vetoed by the President. This checked at once the swift, steady growth of our deep-sea tonnage and the most important lines were soon abandoned. The startling reversal of a great national policy that had been entered upon with such high patriotic motives was part of the price this country has had to pay for that feud between the States. In the years when America withdrew its protection from Atlantic steamship enterprise and left it to perish, the nations of Europe, our competitors, were steadily increasing their ship subventions and widely extending their trade routes from ocean to ocean. But with the period of our Civil War what remained of our shipping was totally destroyed. Following the war, Americans turned their energies to the building of railroads and the developing of the interior of their country. To-day, railroad networks cover the land, and we have become the greatest industrial Nation on the globe. And I remind you, Mr. Chairman and Members, that our railway systems have been built up with a subsidy ten times greater than would be required for the revival of our foreign-commerce routes. Our economists tell us that we must now sell abroad from 10 to 12 per cent of our products. The farmers from the interior and the manufacturers along our shores all agree that we must take this surplus product of farm and factory to foreign markets. Having provided adequate and economical facilities for carrying the products of the country to the seaboard, must we await the convenience of the foreign carrier to take this wheat, cotton, oil, and machinery to market for us? We left the high seas to build our country. We have completed that job and we turn our faces seaward once more. It is a logical result by reason of our traditions and the natural instincts of a maritime nation. Furthermore, there is on the sea a great field for transportation enterprise and the development of a commerce profitable alike to producers on shore and operators on the sea. The 5,000 miles of coast line possessed by this country does not suggest to me any reason for the supremacy of any foreign power on the sea.

From the days of Oliver Cromwell until the present, British shipping has been built up and largely sustained through discriminations in favor of her own and against the ships of other nations. No student of history can doubt but that to her navigation laws, which are an ingeniously constructed system favoring British seamen, British shipbuilders, British shipowners, and British merchants, England chiefly owes the vast extension of her commerce. And to-day we find foreign governments still assisting in the development and maintenance of their respective merchant marines. Mr. Lawrie, of the Shipping Board, in his recent report, tells us that capital is being loaned by some foreign governments at low rates of interest as an inducement to the construction of vessels of the most up-to-date types and of the greatest speed. That mail subventions and construction bounties are being paid by these governments to their shipowners and have proved of great assistance in developing and maintaining their fleets. When a foreign vessel is constructed to satisfy the requirements of the Navy for conversion as a cruiser in time of war, the owner of the vessel is adequately compensated. By these and other means our competitors foster and maintain their sea power.

That some assistance should be afforded shipping is only consistent with our national policy, and in recognition of this principle various protections and aids were provided for our overseas ships by the merchant marine act of October, 1920. Those aids consisted of preferential rail rates, discriminating duties in favor of goods transported in American vessels, certain tax exemptions, and the extension of our coastwise laws to some of our insular possessions. None of these provisions ever become effective. Almost without exception the items of real interest in what has been called our declaration of maritime independence have either been ignored, repealed, or in some manner set aside. So we have had on our statute books much writing that would give the casual reader the impression that American ships are receiving substantial aid and protection,

while, as a matter of fact, the results of such few of these provisions as have been put into effect are insignificant and in their general application ineffective. So the light which Americans hoped would brighten our merchant marine has turned to darkness and only those familiar with the gradual decadence of our shipping know how great is that darkness. We realize that Thomas Jefferson spoke truth when he said:

The carriage of our commodities, if once established in another channel, can not be resumed in the moment we may desire.

The sequel to patriotic declarations, noble sentiments, and solemn pledges has been a policy of evasion and denial.

It is with a negligent Congress refusing substantial encouragement and aid, which private shipping enterprise requires to enable it to meet world competition, that our citizens are so much concerned. Such neglect has made our maritime interest doubtful and forced capital to seek other fields of investment. It indicates an abandonment of the hope of American ship undertakings and suggests a loss of faith in the vision of an American merchant marine proportionate to the American cargoes to be carried over the seven seas.

During the present session of this House the people of the United States have unanimously reaffirmed their maritime mandate of 1920 and again vigorously asserted their unqualified determination to provide an adequate merchant marine. They know that American capital and American labor can build and operate American ships if the Government will give the shipping industry that legitimate aid which in addition to putting our flag on the seas would be a benefit to every farm and every factory in the land.

I am satisfied with the deliberations given to this matter by both Houses of this Congress and my pride and love of country do not mislead me when I state my belief that the people of the United States if given the proper assistance and encouragement can rival any maritime people on earth. I believe the bill under consideration gives the necessary aid and that the enactment of this definite policy is imperative.

It is not a partisan issue. Woodrow Wilson said in 1915:

To speak plainly, we have grossly erred in the way we have stunted and hindered the development of our merchant marine. The merchants and farmers of this country must have ships to carry their goods. It is of capital importance that the United States should be its own carrier on the sea and enjoy the economic independence which only an adequate merchant marine would give it. It is high time we repaired our mistake and resumed our commercial independence on the sea.

And when the World War began the United States, with a wealth surpassing that of any other nation on earth and a commerce equaling that of any country, had under her flag in the overseas trade only 15 ships. Less than 10 per cent of our billions of ocean commerce was at that time transported under our own flag. We were dependent for carrying facilities upon our greatest commercial competitors, and we paid into their coffers each year for transportation charges millions of dollars. The war came and revealed the fact that this Nation had progressed in everything that makes a people great except ocean transportation. Our docks and terminals were soon piled high with the products of the farm and the factory. Our foreign competitors, who had always been willing to carry our imports and exports, were found in this time of emergency to be unavailable.

The farmer was perhaps the greatest sufferer, because of the perishable character of his products. It is estimated that our lack of ships cost us in increased charges in one year \$500,000,000. After our own entrance into the war this service became more inadequate than ever and there resulted the unprecedented congestion of domestic products awaiting shipment at every seaport in the country. This necessitated the huge emergency shipbuilding program carried on by the United States at an enormous expense. At the time of construction the question of fitness of these vessels to engage in competitive foreign trade was not considered, but was entirely subordinated to the primary requirements of speedy output and heavy tonnage. So the end of the war found these vessels, with only a few exceptions, to a large degree obsolete for competitive purposes and fast wearing out. In general, they are far inferior to the vessels of foreign nations, who are now building ships of the very latest types and highest efficiency. We can not hope to succeed unless we do likewise; we can not blame our Shipping Board for failure to accomplish the impossible. At the present time there is no ship being built in the shipyards of this country for overseas trade. The need of a definite policy is imperative. Within the next five years the German merchant marine, assuming that its present building program can be maintained, will have reached a total tonnage exceeding its pre-war strength and will be com-

posed entirely of vessels constructed on the latest and most efficient lines.

A very important factor on the sea is speed. The British Empire has 309 vessels, as compared with 51 of the United States, ranging in speed between 15 and 19 knots. In ships over 20 knots we rank fourth. In view of the disarmament treaty, it is the larger and faster vessels, quickly convertible into naval auxiliaries, that are of paramount importance.

In President Coolidge's annual message to Congress in 1923 he stated:

The entire well-being of our country is dependent upon transportation by sea and land. We must have a merchant marine which meets these requirements, and we shall have to pay the cost of its service.

The records of this Congress, Mr. Chairman, reveal only too well what the cost of this service would be if provided by the Government. The bill I am endorsing proposes to build up a new American merchant marine without cost to the Government or the taxpayer, except as payment for service rendered and when those services are measured by a fair, just, and reasonable price and not paid as a lump sum without regard to work performed. Its provisions will make possible the use of Government credit facilities in the form of a construction loan of three-fourths the cost of building ships at the Government's current rate of interest. Such a loan is protected by prior liens on the ships themselves and will be returned in 20 years by amortization. Mail rates are established, not as a subsidy but commensurate with the speed and frequency of the service, its cost, and utility. Authority is given to the Post Office Department to enter into ocean mail-carrying contracts for periods of 20 years, the life of the loan.

Because approved insurance, whether here or abroad, is limited on any single ship to \$9,000,000, the bill provides, in case of total loss, for cancellation of the loan against the ship to the extent not covered by amortization and insurance. Provision is also made by which the crews or a part of them can be enrolled in the Naval Reserve.

I submit that this is the first time that any proposed shipping legislation, prior to its enactment, has called forth from our citizens promises of concrete building programs to advance America's prestige on the sea. This must surely reflect the merit inherent in this bill and would seem to be an earnest of its success if it becomes law. In the RECORD for January 31 is recorded a telegram addressed to the Shipping Board from the president of the Export Steamship Corporation and reading as follows:

We contemplate placing order for three combination passenger and cargo vessels with a speed of 18 knots for operation between New York and Alexandria, Egypt, with call at Gibraltar and Algiers en route. This new construction conditional upon the passage of Cope-land bill or similar legislation providing long-term mail contracts and loan from construction loan fund to partly finance new construction. We are also willing to consider new construction for the New York-west coast of Italy service under similar conditions.

Also, the Transoceanic Corporation of the United States on January 24 made a definite proposal to the Shipping Board for the construction of six vessels to fly the American flag across the North Atlantic—ships that will make the fastest passenger vessels now afloat look like lumbering freighters. This proposal is contingent on the enactment of legislation similar to that contained in the bill at issue. These ships are designed as airplane carriers and meet more perfectly than any vessel ever projected the requirements both of the merchant marine and the Navy. In times of peace these vessels will pay their own way and in times of war they will be deadly units of our armed forces at sea. Their readiness will cost the taxpayer nothing.

This bill will revolutionize ocean service. It offers not only a way to build up a merchant vessel service capable of carrying our traders, our products, and our trade influence to the trade marts of other nations, but also makes possible the building of those naval auxiliaries so necessary for any nation that has risen to a commanding place in the world. We ask only for legislation that will give an American merchant marine of use to the manufacturers, merchants, and agriculturists; that will furnish employment to labor; and that will permit us to build ships in competition with those constructed in foreign countries. If we are to have continued prosperity, we must acquire our share of the world's commerce, and we must transport those commodities to the markets of the world in American ships at least the equal of our competitors and maintain a service on a par with, or better than, our nearest rival. The merchant marine is not merely a carrier of the fruits of industry and of the soil, but the merchant marine is an organization which seeks to develop new business. Overproduction is already a



problem and must be solved. The development of foreign markets will be a remedy. Ships are essential to this commerce, and the principle of the control of these ships is as vital as the principle of the freedom of the seas. Our economic independence demands that the ownership of the vessels that carry our products remain in America.

We are drifting for want of leadership in things concerning shipping. I believe the enactment of this bill will give us wise shipping laws, free us from useless restrictions, and go a long way toward solving our problem. I earnestly implore and bespeak your support, for we must give it more than just serious consideration. Our present fleet will soon become obsolete and our shipyards are fast disappearing. Unless Congress acts we will be dependent upon foreign ships to handle our overseas trade upon their own terms and conditions. Can we supply the statesmanship that shall make the flag of vessels carrying this country's commerce our own?

It is a question of aid, of high and holy protection in the best meaning of the term; the protection of our country, our labor, our commerce, and all that gives dignity and character to nations.

The bill before you answers fully this question and will give the protection desired. It represents on this subject the thought of the best minds in Congress and throughout the land. It is not a subsidy or a subvention, but gives aid only in return for services rendered and commensurate with the work performed.

Mr. WHITE of Maine. Mr. Chairman, I have no other requests for time, and unless there is time available on that side I suggest that the Clerk read the bill for amendment. May I say to the membership of the House I hope we can read to the middle of page 5. So far as I am concerned, I will be disposed to stop there.

The Clerk proceeded with the reading of the bill, and read to line 12, page 5.

Mr. WHITE of Maine. Mr. Chairman, in accordance with an understanding I have had with various members of the committee, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. CRAMTON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (S. 744) to further develop an American merchant marine, to assure its permanence in the transportation of the foreign trade of the United States, and for other purposes, and had come to no resolution thereon.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its principal clerk, announced that the Senate disapproves to the amendment of the House of Representatives to the bill (S. 3555) entitled "An act to establish a Federal farm board to aid in the orderly marketing and in the control and disposition of the surplus of agricultural commodities in interstate and foreign commerce," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McNARY, Mr. CAPPER, Mr. GOODING, Mr. SMITH, and Mr. RANSDELL conferees on the part of the Senate.

#### ROSEBUD SIOUX INDIANS, SOUTH DAKOTA

Mr. WILLIAMSON. Mr. Speaker, I call up the bill (S. 3438) authorizing a per capita payment to the Rosebud Sioux Indians, South Dakota.

The SPEAKER. The gentleman from South Dakota calls up the bill S. 3438, which the Clerk will report.

The Clerk read as follows:

A bill (S. 3438) authorizing a per capita payment to the Rosebud Sioux Indians, South Dakota

*Be it enacted, etc.,* That the Secretary of the Interior be, and he is hereby, authorized to withdraw from the Treasury of the United States so much of the tribal funds on deposit therein to the credit of the Rosebud Indians, of South Dakota, as may be required to make a \$10 per capita payment to the recognized members of the tribe, and to pay or distribute the same under such rules and regulations as he may prescribe.

The bill was ordered to be read a third time, was read a third time, and passed.

On motion of Mr. WILLIAMSON a motion to reconsider the vote whereby the bill was passed was laid on the table.

A similar House bill was laid on the table.

#### INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS (S. DOC. NO. 94)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

#### To the Congress of the United States:

I transmit a report from the Secretary of State in regard to the work of the International Technical Committee of Aerial Legal Experts, in the deliberations of which the Government of the United States would be entitled to participate if it should pay a share of the annual expenses of the committee, and commend to the favorable consideration of the Congress the recommendation of the Secretary of State, as contained in the report, that legislation be enacted authorizing an annual appropriation of a sum not in excess of \$250 to meet the quota of the United States toward the annual expenses of this committee, beginning with the calendar year 1928.

CALVIN COOLIDGE.

THE WHITE HOUSE, May 4, 1928.

#### AGRICULTURAL SURPLUS CONTROL BILL

Mr. HAUGEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 3555, the agricultural surplus control bill, that the House insist on its amendments, and agree to the conference asked for.

The SPEAKER. The gentleman from Iowa asks unanimous consent to take from the Speaker's table the bill S. 3555, the agricultural surplus control bill, insist on the House amendments, and agree to the conference asked for by the Senate. Is there objection?

Mr. O'CONNOR of Louisiana. Reserving the right to object, I want to suggest the advisability in view of the widespread importance of the bill that five conferees be named.

Mr. HAUGEN. I have suggested the usual number.

Mr. O'CONNOR of Louisiana. I submit that because of its tremendous importance and its wide scope that five conferees would better represent the attitude of the House.

Mr. HAUGEN. There is very little difference in the two bills.

Mr. O'CONNOR of Louisiana. The suggestion was made to me by a Member of the Senate in whom I have great confidence.

Mr. CRAMTON. Mr. Speaker, perhaps I misunderstood the gentleman; but I understood him to say that he made the suggestion at the request of a Member of the Senate. I want to protest against a Member of the Senate making any suggestions as to the number of House conferees.

Mr. O'CONNOR of Louisiana. If I expressed myself in that way, I might say that it was for the purpose of better arresting the attention of the gentleman from Michigan, or that it was a loose and inadvertent expression of my thoughts. I regret that I alluded to a matter which was a statement in a conversational way and that it has aroused the violent animosities of the gentleman from Michigan. The statement of the Senator was my thought also.

Mr. CRAMTON. The selection of conferees is in the hands of the Speaker. The selection of House conferees is not in the hands of the Senate.

Mr. O'CONNOR of Louisiana. I have no doubt about that. There is no reason for resentment because I had a conversation with a Senator—I do not think they are pariahs among the Nation as yet. He would not think of intruding on the functions of the House and I did not make my statement at his request. I am perfectly frank about it. I think he was correct, however, in the hope that he expressed to me that five conferees would be better than three to express the attitude of the House on this far-reaching legislation.

Mr. Speaker. I withdraw the reservation of an objection.

The SPEAKER. Is there objection?

There was no objection.

The Chair appointed as conferees on the part of the House Mr. HAUGEN, Mr. PURNELL, and Mr. ASWELL.

#### LEAVE OF ABSENCE

Mr. BURTON, by unanimous consent, was given leave of absence for one week on account of important business.

#### AGRICULTURAL EXTENSION WORK

Mr. HAUGEN. Mr. Speaker, I present a conference report on the bill H. R. 9495, agricultural extension work, for printing in the RECORD.

The conference report and statement are as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9495) to provide for the further development of agricultural extension work between the agricultural colleges in the several States receiving the benefits of the act entitled "An act donating public lands to the several States and Territories which may provide colleges for the benefit of agriculture and the mechanic arts," approved July 2, 1862, and all acts supplementary thereto, and the United States Department of Agriculture," as amended,

having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1 and 2:

(1) Page 3, line 8, after "in," insert "such."

(2) Page 3, line 8, after "proportions," insert "as may be determined by the State agencies."

G. N. HAUGEN,  
JOHN C. KETCHAM,  
J. B. ASWELL,

*Managers on the part of the House.*

CHAS. L. McNARY,  
ARTHUR CAPPER,

*Managers on the part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9495) to provide for the further development of agricultural extension work between the agricultural colleges in the several States receiving the benefits of the act entitled "An act donating public lands to the several States and Territories which may provide colleges for the benefit of agriculture and the mechanic arts," approved July 2, 1862, and all acts supplementary thereto, and the United States Department of Agriculture," submit the following written statement in explanation of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendments Nos. 1 and 2: The Senate amendments would have changed the form of the bill as passed by the House by leaving the final determination as to the proportion of men and women agents to the extension directors of the several States without final review by the Secretary of Agriculture. In view of the fact that this extension service is a cooperative service and the Federal Government makes substantial contributions to the support of the extension agents, the conferees deemed it unwise for the Federal Government to entirely surrender its jurisdiction provided in the Senate amendments, and therefore reached a unanimous agreement in support of the bill as it was passed by the House. The provision as it now stands in the bill gives to the extension directors of the several States and the Department of Agriculture the same control and jurisdiction now exercised in the distribution of funds under the Smith-Lever bill and with a modification as to the proportion of men and women agents to be employed in the further development of the cooperative extension system in agriculture and home economics.

G. N. HAUGEN,  
JOHN C. KETCHAM,  
J. B. ASWELL,

*Managers on the part of the House.*

#### ORDER OF BUSINESS

Mr. TILSON. Mr. Speaker, when the tentative program was made up and posted in the Speaker's lobby, nearly a week ago, it was not practicable to state what the business would be on Saturday, to-morrow, and therefore it is stated there as "undetermined." I now wish to state that it is expected on to-morrow to take up the conference report on the flood control bill and when that is disposed of to go on with the reading of the shipping bill under the five-minute rule, with the expectation that the bill will be completed to-morrow.

Mr. WHITE of Maine. I take it, Mr. Speaker, that the conference report has the right of way, but I do have the earnest hope that the membership will be disposed to remain here and complete this bill to-morrow.

Mr. DAVIS. I would like to ask the gentleman from Connecticut to state whether or not, if we do complete the bill to-morrow, the Committee on the Merchant Marine and Fisheries will have next Tuesday as a special Calendar Wednesday?

Mr. TILSON. That is the understanding and, in fact, the order of the House.

#### SENATE BILLS REFERRED

Bills of the following titles were taken from the Speaker's table and, under the rule, referred to the appropriate committees, as follows:

S. 1727. An act to amend the act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920, and acts in amendment thereof, approved July 3, 1926; to the Committee on Civil Service.

S. 1781. An act to establish load lines for American vessels, and for other purposes; to the Committee on the Merchant Marine and Fisheries.

S. 2720. An act for the relief of David McD. Shearer; to the Committee on Claims.

S. 3752. An act to amend section 3 of an act entitled "An act authorizing the use for permanent construction at military posts of the proceeds from the sale of surplus War Department real property, and authorizing the sale of certain military reservations, and for other purposes," approved March 12, 1926; to the Committee on Military Affairs.

S. 4216. An act to authorize the adjustment and settlement of claims for armory-drill pay; to the Committee on Military Affairs.

#### ENROLLED BILLS SIGNED

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 10536. An act granting six months' pay to Anita W. Dyer; and

H. R. 12733. An act to authorize the refund of certain taxes on distilled spirits.

#### BILLS PRESENTED TO THE PRESIDENT

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that this day they presented to the President of the United States, for his approval, bills of the House of the following titles:

H. R. 3216. An act for the relief of Margaret T. Head, administratrix;

H. R. 7475. An act to provide for the removal of the Confederate monument and tablets from Greenlawn Cemetery to Garfield Park;

H. R. 11482. An act to amend section 2 of an act entitled "An act to authorize an appropriation for the care, maintenance, and improvement of the burial grounds containing the remains of Zachary Taylor, former President of the United States, and the memorial shaft erected to his memory, and for other purposes," approved February 24, 1925;

H. R. 11629. An act to amend the proviso of the act approved August 24, 1912, with reference to educational leave to employees of the Indian Service; and

H. R. 11723. An act to provide for the paving of the Government road known as the La Fayette Extension Road, commencing at Lee & Gordon's mill, near Chickamauga and Chattanooga National Military Park, and extending to La Fayette, Ga., constituting an approach road to Chickamauga and Chattanooga National Military Park.

#### ADJOURNMENT

Mr. WHITE of Maine. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 29 minutes p. m.) the House adjourned until to-morrow, Saturday, May 5, 1928, at 12 o'clock noon.

#### COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for Saturday, May 5, 1928, as reported to the floor leader by clerks of the several committees:

##### COMMITTEE ON MILITARY AFFAIRS

(10.30 a. m.)

To consider the private bills.

##### COMMITTEE ON NAVAL AFFAIRS

(10.30 a. m.)

To consider the private bills.

##### COMMITTEE ON THE DISTRICT OF COLUMBIA

(10.30 a. m.)

To authorize the merger of street-railway corporations operating in the District of Columbia (H. J. Res. 276).

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

484. A letter from the Comptroller General of the United States, transmitting report and recommendation to the Congress concerning the claim of the Ayer & Lord Tie Co., with request that you lay same before the House of Representatives; to the Committee on Claims.

485. A letter from the Acting Secretary of Commerce, transmitting draft of a bill for the reconveyance to the Key Realty Co. of the marine biological station at Key West, Fla., which bill the department recommends, be enacted into law during the present session of Congress; to the Committee on the Merchant Marine and Fisheries.



## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. HILL of Washington: Committee on Indian Affairs. H. R. 11468. A bill authorizing the Secretary of the Interior to execute an agreement or agreements with drainage district or districts providing for drainage and reclamation of Kootenai Indian allotments in Idaho within the exterior boundaries of such district or districts that may be benefited by the drainage and reclamation work, and for other purposes; without amendment (Rept. No. 1506). Referred to the Committee of the Whole House on the state of the Union.

Mr. WINTER: Committee on Mines and Mining. H. R. 496. A bill authorizing an appropriation for development of potash jointly by the United States Geological Survey of the Department of the Interior and the Bureau of Mines of the Department of Commerce by improved methods of recovering potash from deposits in the United States; with amendment (Rept. No. 1518). Referred to the Committee of the Whole House on the state of the Union.

Mr. QUIN: Committee on Military Affairs. H. R. 12110. A bill to amend the act entitled "An act to readjust the pay and allowances of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service," approved June 10, 1922, as amended; without amendment (Rept. No. 1519). Referred to the Committee of the Whole House on the state of the Union.

Mr. VESTAL: Committee on Patents. H. R. 13452. A bill to amend the act entitled "An act to amend and consolidate the acts respecting copyright," approved March 4, 1909, as amended, in respect of mechanical reproduction of musical compositions, and for other purposes; without amendment (Rept. No. 1520). Referred to the House Calendar.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PEAVEY: Committee on War Claims. H. R. 3937. A bill for the relief of the heirs of Thomas G. Wright; without amendment (Rept. No. 1507). Referred to the Committee of the Whole House.

Mr. HOOPER: Committee on War Claims. H. R. 4781. A bill for the relief of the legal representatives of Cobb Blasdel & Co.; without amendment (Rept. No. 1508). Referred to the Committee of the Whole House.

Mr. PEAVEY: Committee on War Claims. H. R. 9210. A bill for the relief of Lieut. George H. Hauge, United States Army; without amendment (Rept. No. 1509). Referred to the Committee of the Whole House.

Mr. PEAVEY: Committee on War Claims. H. R. 9396. A bill to compensate Eugenia Edwards, of Saluda, S. C., for allowances due and unpaid during the World War; with amendment (Rept. No. 1510). Referred to the Committee of the Whole House.

Mr. PEAVEY: Committee on War Claims. H. R. 9516. A bill for the relief of Capt. W. B. Finney; without amendment (Rept. No. 1511). Referred to the Committee of the Whole House.

Mr. PEAVEY: Committee on War Claims. H. R. 10236. A bill for the relief of Harry M. King; with amendment (Rept. No. 1512). Referred to the Committee of the Whole House.

Mr. PEAVEY: Committee on War Claims. S. 342. An act for the relief of George B. Booker Co.; without amendment (Rept. No. 1513). Referred to the Committee of the Whole House.

Mr. LOWREY: Committee on War Claims. S. 605. An act for the relief of Capt. Clarence Barnard; without amendment (Rept. No. 1514). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on War Claims. S. 2319. An act for the relief of John W. Stockett; without amendment (Rept. No. 1515). Referred to the Committee of the Whole House.

Mr. LOWREY: Committee on War Claims. S. 2473. An act for the relief of Will J. Allen; without amendment (Rept. No. 1516). Referred to the Committee of the Whole House.

Mr. SINCLAIR: Committee on War Claims. S. 3308. An act to confer jurisdiction on the Court of Claims to hear and determine the facts in the claim of John L. Alcock; without amendment (Rept. No. 1517). Referred to the Committee of the Whole House.

Mr. REECE: Committee on Military Affairs. H. R. 9719. A bill for the relief of George A. Day; without amendment (Rept. No. 1521). Referred to the Committee of the Whole House.

Mr. HILL of Washington: Committee on Indian Affairs. H. R. 11064. A bill for the relief of F. Stanley Millichamp; with amendment (Rept. No. 1522). Referred to the Committee of the Whole House.

Mr. RANSLEY: Committee on Military Affairs. H. R. 13476. A bill for the relief of Joseph M. McAleer; with amendment (Rept. No. 1523). Referred to the Committee of the Whole House.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ARENTZ: A bill (H. R. 13537) to redesignate the Humboldt, Nevada, and Toiyabe National Forests, within the State of Nevada, as the Humboldt, Nevada, and Toiyabe Federal grazing reserves, to provide for their administration as such, and for other purposes; to the Committee on the Public Lands.

By Mr. BYRNS: A bill (H. R. 13538) interpreting the construction to be placed upon the words "child" and "children" as used in certain sections of the act approved May 18, 1920, June 10, 1922, and June 1, 1926; to the Committee on Military Affairs.

By Mr. CARLEY: A bill (H. R. 13539) repealing the adoption of project for improvement of waterway connecting Gravesend Bay with Jamaica Bay; to the Committee on Rivers and Harbors.

By Mr. PARKS: A bill (H. R. 13540) granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across the Ouachita River at a point between the mouth of Saline River and the Louisiana and Arkansas line; to the Committee on Interstate and Foreign Commerce.

By Mr. GILBERT: A bill (H. R. 13541) to provide for the establishment of the Fort Boonesboro National Monument in the State of Kentucky, and for other purposes; to the Committee on the Library.

By Mr. PEAVEY: Resolution (H. Res. 185) relative to the construction of a shipway from the Great Lakes to the Atlantic Ocean via the St. Lawrence River; to the Committee on Foreign Affairs.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURDICK: A bill (H. R. 13542) to authorize the payment of the sum of \$2,500 to the dependents of the officers and men who lost their lives on the submarine S-4; to the Committee on Naval Affairs.

By Mr. CHASE: A bill (H. R. 13543) granting a pension to Emily Cooper Mather; to the Committee on Invalid Pensions.

By Mr. COOPER of Ohio: A bill (H. R. 13544) authorizing the President to appoint Edgar A. Gilbert to the position and rank of first lieutenant in the United States Army; to the Committee on Military Affairs.

By Mr. HERSEY: A bill (H. R. 13545) granting an increase of pension to Helen R. Godsoe; to the Committee on Invalid Pensions.

By Mr. KEARNS: A bill (H. R. 13546) for the relief of Joseph Bratten; to the Committee on Military Affairs.

By Mr. KNUTSON: A bill (H. R. 13547) granting a pension to Samuel H. Anderson; to the Committee on Pensions.

By Mr. KUNZ: A bill (H. R. 13548) for the relief of Harry A. Tedswell; to the Committee on Claims.

Also, a bill (H. R. 13549) granting an increase of pension to Stephen Murphy; to the Committee on Pensions.

By Mr. LEA: A bill (H. R. 13550) granting an increase of pension to Nancy Malchi; to the Committee on Invalid Pensions.

By Mr. MOORMAN: A bill (H. R. 13551) granting a pension to Myzella Rowe; to the Committee on Pensions.

By Mr. MORGAN: A bill (H. R. 13552) granting a pension to Alice J. Warrett; to the Committee on Invalid Pensions.

By Mr. SPEARING: A bill (H. R. 13553) for the relief of Mrs. Sol Lion; to the Committee on Claims.

By Mr. TINKHAM: A bill (H. R. 13554) for the relief of the Burtman Ornamental Iron & Wire Works; to the Committee on Claims.

Also, a bill (H. R. 13555) granting a pension to George Henry Heller; to the Committee on Pensions.

Also, a bill (H. R. 13556) for the relief of Stephen J. Crotty; to the Committee on Military Affairs.

Also, a bill (H. R. 13557) for the relief of Thomas J. Harrington; to the Committee on Naval Affairs.

By Mr. WATSON: A bill (H. R. 13558) granting an increase of pension to Mary W. Ryan; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Illinois: A bill (H. R. 13559) granting an increase of pension to Rachel Goble; to the Committee on Invalid Pensions.

By Mr. WOLVERTON: A bill (H. R. 13560) granting an increase of pension to Arabella Jefferson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13561) granting an increase of pension to Annie E. Toomey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13562) for the relief of Ella E. Horner; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7412. By Mr. BEEDY: Petition of over 2,000 employees of the Portsmouth (N. H.) Navy Yard, urging the passage of the bill amending the civil service retirement act which provides \$1,200 the maximum for retirement on 30 years' service; to the Committee on the Civil Service.

7413. By Mr. CARLEY: Petition of S. Goldsmith, secretary Cigarmakers International Union No. 87, against House bill 9195, amending sections 2804 and 3402, Revised Statutes; to the Committee on the Judiciary.

7414. By Mr. DOUGLASS of Massachusetts: Petition of 128 citizens of Massachusetts urging early and favorable enactment of the pending legislation to increase the pensions of veterans and widows of veterans of the Civil War from Mrs. William H. Moore, of 223 Trenton Street, East Boston, Mass., whose husband served with honor in the Civil War in the famous East Boston Regiment of General Barnes; to the Committee on Invalid Pensions.

7415. By Mr. ENGLEBRIGHT: Petition of Thelma Estes and other citizens of Day, Calif., protesting against House bill 78; to the Committee on the District of Columbia.

7416. By Mr. ROY G. FITZGERALD: Memorial of veterans of the World War, petitioning Congress in regard to the McKellar-Fitzgerald bill, known as the Postal Service bill; to the Committee on the Post Office and Post Roads.

7417. By Mr. FITZPATRICK: Petition from the Allied Printing Trades Council of Greater New York, favoring the passage of the Griest postal bill; to the Committee on the Post Office and Post Roads.

7418. Also, petition from the Bindery Women's Union, Local No. 43, International Brotherhood of Bookbinders of New York, and vicinity, favoring the passage of the Griest postal bill; to the Committee on the Post Office and Post Roads.

7419. By Mr. GREGORY: Petition of Ernest Lackey and other citizens of Paducah, Ky., protesting the passage of House bill 78, or any other compulsory Sunday legislation; to the Committee on the District of Columbia.

7420. Also, petition of Hibbert J. Cullars and other citizens of McCracken County, Ky., urging that immediate steps be taken to bring to a vote a Civil War pension bill for the relief of veterans and widows of veterans; to the Committee on Invalid Pensions.

7421. By Mr. MORROW: Petition of citizens of Texico, N. Mex., indorsing Civil War pension legislation; to the Committee on Invalid Pensions.

7422. Also, petition of citizens of Santa Fe, N. Mex., on Civil War pension legislation; to the Committee on Invalid Pensions.

7423. Also, petition of citizens of Roswell, N. Mex., against compulsory Sunday observance legislation; to the Committee on the District of Columbia.

7424. Also, petition of citizens of Roswell, N. Mex., on Civil War pension legislation; to the Committee on Invalid Pensions.

7425. Also, petition of citizens of Reserve, N. Mex., on Civil War pension legislation; to the Committee on Invalid Pensions.

7426. Also, petition of citizens of Roswell, N. Mex., on Civil War pension legislation; to the Committee on Invalid Pensions.

7427. Also, petition of citizens of Gallup, N. Mex., indorsing Civil War pension legislation; to the Committee on Invalid Pensions.

7428. By Mr. MICHENER: Petition of citizens of Jackson, Mich., asking for increase in pensions for Civil War veterans and widows of veterans; to the Committee on Invalid Pensions.

7429. Also, petitions of citizens of second district of Michigan, favoring passage of House bill 11; to the Committee on Interstate and Foreign Commerce.

7430. By Mr. O'CONNELL: Petition of William J. Hammer, late major, General Staff, United States Army; historian gen-

eral, Military Order of the World War; and director, Society American Military Engineers, favoring the passage of the Tyson-Fitzgerald bill; to the Committee on World War Veterans' Legislation.

7431. By Mr. VINCENT of Michigan: Petition of residents of the eighth district of Michigan, urging more liberal pension legislation for the benefit of veterans of the Civil War and widows of veterans; to the Committee on Invalid Pensions.

7432. By Mr. WINTER: Resolutions from John Oliver, president Natrona County Poultry Association, Casper, Wyo., and Palmer Gormley, president Big Horn County Farm Bureau, Greybull, Wyo.; to the Committee on Irrigation and Reclamation.

#### SENATE

SATURDAY, May 5, 1928

(Legislative day of Thursday, May 3, 1928)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the bill (S. 3438) authorizing a per capita payment to the Rosebud Sioux Indians, South Dakota.

The message also announced that the House insisted upon its amendment to the bill (S. 3555) to establish a Federal farm board to aid in the orderly marketing and in the control and disposition of the surplus of agricultural commodities in interstate and foreign commerce, disagreed to by the Senate; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HAUGEN, Mr. PURNELL, and Mr. ASWELL were appointed managers on the part of the House at the conference.

#### ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H. R. 8229) for the appointment of an additional circuit judge for the sixth judicial circuit, and it was signed by the Vice President.

#### CALL OF THE ROLL

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	La Follette	Sackett
Barkley	Frazier	Locher	Schall
Bayard	George	McKellar	Sheppard
Bingham	Gerry	McLean	Shipstead
Black	Gillett	McMaster	Shortridge
Blaine	Glass	McNary	Simmons
Blease	Goff	Mayfield	Smoot
Borah	Gooding	Metcalf	Steiwer
Bratton	Gould	Moses	Stephens
Brookhart	Greene	Neely	Swanson
Broussard	Hale	Norbeck	Thomas
Bruce	Harrison	Norris	Tydings
Capper	Hawes	Overman	Tyson
Couzens	Hayden	Phelps	Vandenberg
Curtis	Howell	Pine	Walsh, Mass.
Cutting	Johnson	Pittman	Warren
Dale	Jones	Ransdell	Waterman
Deneen	Kendrick	Reed, Mo.	Wheeler
Dill	Keyes	Reed, Pa.	
Fess	King	Robinson, Ark.	

Mr. FRAZIER. I desire to announce that my colleague the junior Senator from North Dakota [Mr. Nye] is detained from the Senate on account of illness in his family. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Seventy-eight Senators having answered to their names, a quorum is present.

#### RAILROAD VALUATION

Mr. NORRIS. Mr. President, I desire to offer a Senate resolution. While I think there will be no opposition to the resolution when it is understood by the Senate, yet in talking with several Senators about it the wish has been expressed that it should go over under the rule. In order that there may be no embarrassment about it, I will ask that the resolution be read and then that it may go over under the rule.

The VICE PRESIDENT. The clerk will read the resolution.

The Chief Clerk read the resolution (S. Res. 222), as follows:

Whereas in May, 1923, the National Conference on Valuation of American Railroads was organized for the purpose of securing a fair